

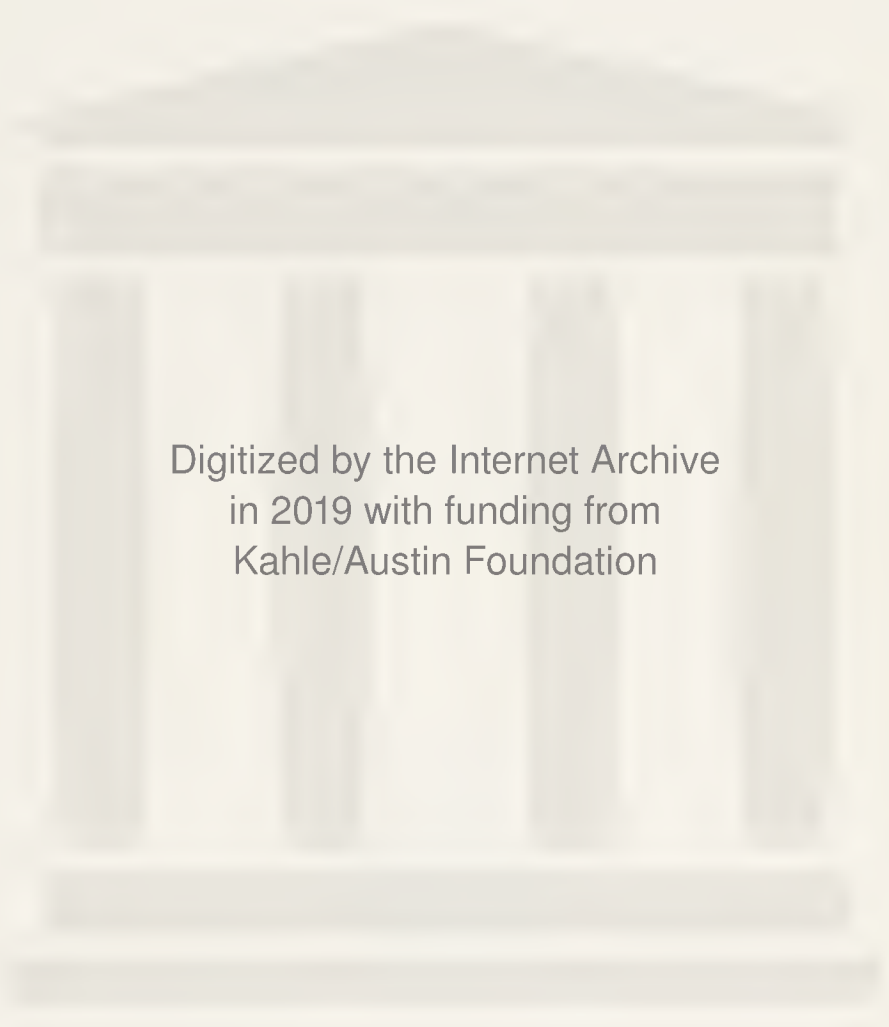


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## PREFACE

This volume was prepared in the Historical Office under the supervision of S. Everett Gleason, formerly Chief of the Foreign Relations Division, and Fredrick Aandahl, the present Chief.

John G. Reid compiled and edited the sections on French Indochina, Japan, Korea, the Netherlands East Indies (Indonesia), and the Philippines. The sections on Australasia were compiled and edited by David H. Stauffer.

The editors acknowledge with appreciation the assistance provided them by the historians of the Department of Defense, including the Joint Chiefs of Staff. They are also grateful for the cooperation of the National Security Council, the Department of Defense, and the Central Intelligence Agency, all of which concurred with the declassification of various papers for release herein. Thanks are also due to those foreign governments that kindly granted permission for the publication of certain of their documents in this volume.

The technical editing of this volume was the responsibility of the Publishing and Reproduction Division, Willard M. McLaughlin, Chief. The index was prepared by Francis C. Prescott.

WILLIAM M. FRANKLIN  
*Director, Historical Office  
Bureau of Public Affairs*

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### PRINCIPLES FOR THE COMPILATION AND EDITING OF "FOREIGN RELATIONS"

The principles which guide the compilation and editing of *Foreign Relations* are stated in Department of State Regulation 2 FAM 1350 of June 15, 1961, a revision of the order approved on March 26, 1925, by Mr. Frank B. Kellogg, then Secretary of State. The text of the regulation, as further amended is printed below:

1350 DOCUMENTARY RECORD OF AMERICAN DIPLOMACY

1351 *Scope of Documentation*

The publication *Foreign Relations of the United States* constitutes the official record of the foreign policy of the United States. These volumes include, subject to necessary security considerations, all documents needed to give a comprehensive record of the major foreign policy decisions within the range of the Department of State's



responsibilities, together with appropriate materials concerning the facts which contributed to the formulation of policies. When further material is needed to supplement the documentation in the Department's files for a proper understanding of the relevant policies of the United States, such papers should be obtained from other Government agencies.

#### 1352 *Editorial Preparation*

The basic documentary diplomatic record to be printed in *Foreign Relations of the United States* is edited by the Historical Office, Bureau of Public Affairs of the Department of State. The editing of the record is guided by the principles of historical objectivity. There may be no alteration of the text, no deletions without indicating where in the text the deletion is made, and no omission of facts which were of major importance in reaching a decision. Nothing may be omitted for the purpose of concealing or glossing over what might be regarded by some as a defect of policy. However, certain omissions of documents are permissible for the following reasons:

- a. To avoid publication of matters which would tend to impede current diplomatic negotiations or other business.
- b. To condense the record and avoid repetition of needless details.
- c. To preserve the confidence reposed in the Department by individuals and by foreign governments.
- d. To avoid giving needless offense to other nationalities or individuals.
- e. To eliminate personal opinions presented in despatches and not acted upon by the Department. To this consideration there is one qualification—in connection with major decisions it is desirable, where possible, to show the alternatives presented to the Department before the decision was made.

#### 1353 *Clearance*

To obtain appropriate clearances of material to be published in *Foreign Relations of the United States*, the Historical Office:

- a. Refers to the appropriate policy offices of the Department and of other agencies of the Government such papers as appear to require policy clearance.
- b. Refers to the appropriate foreign government requests for permission to print as part of the diplomatic correspondence of the United States those previously unpublished documents which were originated by the foreign governments.

# CONTENTS

	Page
PREFACE . . . . .	III
LIST OF ABBREVIATIONS AND SYMBOLS . . . . .	VII
AUSTRALASIA:	
AUSTRALIA:	
United States relations with Australia . . . . .	1
NEW ZEALAND:	
United States relations with New Zealand . . . . .	9
Agreement between the United States and New Zealand respecting a United States educational foundation in New Zealand . . . . .	15
PACIFIC ISLANDS:	
Discussions between the United States and the United Kingdom concerning the sovereignty of Canton, Christmas, Enderbury, and other islands in the Pacific . . . . .	16
SOUTHEAST ASIA:	
FRENCH INDOCHINA:	
The interest of the United States in Nationalist opposition to the restoration of French rule in Indochina . . . . .	19
NETHERLANDS EAST INDIES (INDONESIA):	
The interest of the United States in Nationalist opposition to the restoration of Netherlands rule in the East Indies and considera- tion by the United Nations Security Council of the Indonesian case . . . . .	57
PHILIPPINES:	
Cooperation of the United States with the Republic of the Philip- pines . . . . .	625
SIAM:	
Recognition of new government . . . . .	645
NORTHEAST ASIA:	
CHINA . . . . .	646
JAPAN:	
Occupation and control of Japan . . . . .	647
War claims: Reparations, restitution, levels of industry and of pro- duction—economic rehabilitation program . . . . .	943
KOREA:	
General political policies of the United States toward Korea and appeal to the United Nations General Assembly . . . . .	1079
INDEX . . . . .	1349



## LIST OF ABBREVIATIONS AND SYMBOLS

EDITOR'S NOTE.—This list does not include standard abbreviations in common usage; unusual abbreviations of rare occurrence which are clarified at appropriate points; and those abbreviations and contractions which, although uncommon, are understandable from the context.

**ACJ**, Allied Council for Japan  
**AEF**, Allied Expeditionary Force  
**ALRI**, Indonesian Republic Navy  
**AMADJA**, United States Army Military Assistant Detachment, Java  
**Anzac**, Australia–New Zealand Army Corps  
**AURI**, Indonesian Republic Air Force  
**AusDel**, Australian Delegate (Delegation)  
**BC**, Division of British Commonwealth Affairs, Department of State  
**BCOF**, British Commonwealth Occupation Force (Japan)  
**BelDel**, Belgian Delegate (Delegation)  
**BIO**, bill on government for Indonesia during transition period (Netherlands)  
**CA**, Division of Chinese Affairs, Department of State  
**CFM**, Council of Foreign Ministers  
**CG**, Consulate General  
**CIF**, cost, insurance, and freight  
**CINCFE**, Commander in Chief, Far East  
**Con-Gen**, Consul General  
**ConstCon**, constituent convention  
**CSGPO**, Plans and Operations Division, General Staff, Office of the Chief of Staff, United States Army  
**DA**, Division of Dependent Area Affairs, Department of State  
**DAC**, Department of the Army civilian  
*daerah*, autonomous area (NEI)  
**Delga**, series indicator for telegrams from the United States Delegation at the United Nations General Assembly  
**Deptel**, Department of State telegram  
**DP**, displaced person

**DRB**, Deconcentration Review Board (Japan)  
**DS**, Diplomatic Section, SCAP  
**E**, Assistant Secretary of State for Economic Affairs  
**ECA**, Economic Cooperation Administration  
**ECAFE**, Economic Commission for Asia and the Far East  
**EcoFinCom**, Economic-finance committee, United Nations Good Offices Committee in the Netherlands East Indies  
**ECOSOC**, Economic and Social Council of the United Nations  
**Embtel**, Embassy telegram  
**ERP**, European Recovery Program  
**ESB**, Economic Stabilization Board (Japan)  
**ESS**, Economic and Scientific Section, SCAP  
**EUR**, Office of European Affairs, Department of State  
**ExIm**, Export-Import Bank of Washington  
**ExtAff**, Department of External Affairs (Australia)  
**FAO**, Food and Agriculture Organization  
**FBI**, Federal Bureau of Investigation, Department of Justice  
**FCN**, Friendship, Commerce, and Navigation (treaty)  
**FDR**, *Front Deomcrasi Rajkat* (NEI popular democratic front)  
**FE**, Office of Far Eastern Affairs, Department of State  
**FEC**, Far Eastern Commission; Far East Command  
**FIC**, French Indochina



- FIG**, Federal Interim Government (Indonesia)  
**FonOff**, Foreign Office  
**FSO**, Foreign Service Officer  
**FY**, fiscal year  
**G2**, Army General Staff section dealing with intelligence at the divisional or higher level  
**GA**, General Assembly of the United Nations  
**Gadel**, series indicator for telegrams to the United States Delegation at the United Nations General Assembly  
**GARIOA**, Government and Relief in Occupied Areas  
**GATT**, General Agreement on Tariffs and Trade  
**GOC**, General Officer Commanding  
**GOC**, United Nations Good Offices Committee in the Netherlands East Indies  
**Gocus**, series indicator for telegrams from the United States Delegation on the United Nations Good Offices Committee in the Netherlands East Indies  
**GOI**, Government of India  
**GOP**, Government of Pakistan  
**GS**, Government Section, SCAP  
**GSC**, General Staff Corps, United States Army  
**HCLC**, Holding Company Liquidation Commission (Japan)  
**HMG**, His Majesty's Government (United Kingdom)  
**HRC**, High Representative of the Crown (Netherlands) in Indonesia  
**IBD**, Division of International Broadcasting, Department of State  
**IC**, Interim Committee of the United Nations General Assembly  
**ICJ**, International Court of Justice  
**IEFC**, International Emergency Food Council  
**ILO**, International Labor Organization  
**IMTFE**, International Military Tribunal for Far East  
**Indo**, Indonesian  
**IndoDel**, Indonesian Republic Delegate (Delegation)  
**IS**, Division of International Security Affairs, Department of State  
**Itcol**, Italian colonies  
**ITO**, International Trade Organization  
**JCS**, Joint Chiefs of Staff  
**JUSMAG**, Joint United States Military Advisory Group  
**K C**, Korea Commission (*see* **UNTCOK**)  
**Kis**, *Komite Indonesia Serikat* (NEI)  
**KLM**, Royal Dutch Airlines  
**KNIP**, *Komite Nasional Indonesia Poesat* (central Indonesian national committee)  
**ky**, administrative district in French Indochina  
**L**, Office of the Legal Adviser, Department of State  
**MA**, Military Attaché  
**Masjoemi** (*Masjumi*), Moslem League (NEI)  
**mfn**, most favored nation  
**MG**, Military Government  
**MRP**, *Mouvement Républicain Populaire* (French political party)  
**NA**, Division of Northeast Asian Affairs, Department of State  
**NAC**, National Advisory Council on International Monetary and Financial Problems  
**NCIU**, National Congress of Industrial Unions (Japan)  
**NEFIS**, NEI government information service  
**negara**, state (NEI)  
**NEI**, Netherlands East Indies  
**NethDel**, Netherlands Delegate (Delegation)  
**niact**, night action, communications indicator requiring attention by the recipient at any hour of the day or night  
**NOE**, Division of Northern European Affairs, Department of State  
**NSC**, National Security Council  
**NT**, national treatment  
**O**, Office of the Assistant Secretary of State for Occupied Areas  
**OCI**, Overseas Consultants, Inc.  
**OEEC**, Organization for European Economic Cooperation  
**OJEIRF**, Occupied Japan Export-Import Revolving Fund  
**P & O**, Plans and Operations, Department of the Army



- PhilCom**, Philippine Command (United States Army)
- PKI**, *Partai Komunis Indonesia* (Indonesian Communist Party)
- PNI**, *Partai Nasional Indonesia* (Indonesian Nationalist Party)
- PolAd**, Political Adviser
- PolCom**, Political Committee, United Nations Good Offices Committee in the Netherlands East Indies
- POW**, Prisoner of War
- PRL**, *Parti Républicain de la Liberté* (French political party)
- ProvFedGovt**, Provisional Federal Government (NEI)
- RCA**, Radio Corporation of America
- Recomba**, Indonesian government commissioner for administrative affairs
- reDeptel**, regarding Department of State telegram
- reourtel**, regarding our telegram
- Rep**, Indonesian Republic(an)
- RepubDel**, Indonesian Republic(an) Delegate (Delegation)
- reurad**, regarding your radiogram
- RFC**, Reconstruction Finance Corporation
- RGR**, *Rassemblement des Gauches Républicains* (French political party)
- RPF**, *Rassemblement du Peuple Français* (French political party)
- RVD**, NEI government information service
- RyCom**, Ryukyus Command (United States Army)
- SANACC**, State-Army-Navy-Air Force Coordinating Committee
- SC**, Security Council of the United Nations
- SCAF**, communications indicator used on messages from the Supreme Commander, Allied Expeditionary Force, to the Combined Chiefs of Staff
- SCAP**, Supreme Commander for the Allied Powers in Japan
- Scapin**, SCAP instruction
- SCINR**, Special Committee for Implementation of November 1 Resolution (United Nations Security Council)
- SCRes**, United Nations Security Council Resolution
- SEA**, Division of Southeast Asian Affairs, Department of State; Southeast Asia
- SKILA**, South Korea Interim Legislative Assembly
- SOA**, Division of South Asian Affairs, Department of State
- SOBSI**, *Sentral Organisasi Boeroeh Seloeroeh Indonesia* (Central Indonesian Trade Union Federation)
- SPA**, Office of Special Political Affairs, Department of State
- SPC**, South Pacific Commission
- SteerCom**, Steering Committee, United Nations Good Offices Committee in the Netherlands East Indies
- SWNCC**, State-War-Navy Coordinating Committee
- SYG**, Secretary-General of the United Nations
- TA**, trade agreement
- TNI**, *Tentara Nasional Indonesia* (Indonesian National Army)
- UDSR**, *Union Démocratique et Socialiste de la Résistance* (French political party)
- UN**, United Nations
- UNA**, Office of United Nations Affairs, Department of State
- UNESCO**, United Nations Educational, Scientific, and Cultural Organization
- UNP**, Division of United Nations Political Affairs, Department of State
- UNSCOB**, United Nations Special Committee on the Balkans
- UNTCOK**, United Nations Temporary Commission on Korea
- urtel**, your telegram
- USAFIK**, United States Army Forces in Korea
- USAOGJA**, United States Army Observer Group, Java

**USDel**, United States Delegate  
(Delegation)

**Usgoc**, series indicator for telegrams  
to the United States Delegation on  
the United Nations Good Offices  
Committee in the Netherlands East  
Indies

**USI**, United States of Indonesia

**V-J day**, the day of Japanese capitula-  
tion (September 2, 1945)

**VOUSA**, Voice of America

*wali negara*, head of state (NEI)

**Zbgi**, military message indicator

**Zgcg**, military message indicator

**Zpol**, military message indicator

# AUSTRALASIA

## AUSTRALIA

### UNITED STATES RELATIONS WITH AUSTRALIA

711.47/S-1848

#### *Policy Statement of the Department of State*

SECRET

[WASHINGTON,] August 18, 1948.

#### AUSTRALIA

##### A. OBJECTIVES

The fundamental objectives of US policy toward Australia are: (1) to maintain and strengthen the close ties of friendship which exist between the United States and Australia; (2) to encourage Australia, as an independent member of the British Commonwealth and as a friendly military power, to collaborate closely with us on matters of mutual concern, especially in the Pacific;<sup>1</sup> and (3) to encourage the economic development of Australia and the growth of her foreign trade in accordance with the principles of the ITO Charter and in such a manner as to further the economic recovery of Great Britain.

##### B. POLICY ISSUES

Relations between the United States and Australia, which have always been friendly, became very close during World War II when the two countries cooperated to the fullest in the common war effort. We have welcomed the gradual development of Australia's independence of action in the field of international relations and it is on a basis of an individual and independent country that we now conduct relations with Australia. It is our policy to collaborate as closely as possible with Australia on world affairs and to encourage the Australians to cooperate with us on matters of mutual concern, and it is our desire that the close military cooperation which grew out of the associations of the war shall continue. We recognize that Australia occupies an important geographic position and is inhabited by a people whose way of life and whose political ideology is similar to our own.

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<sup>1</sup> Documentation on United States efforts to resolve certain differences with Australia concerning disposal of war surplus materials and fixed military installations in the Southwest Pacific is in Department file 847.24FLC. For documentation on disputed islands and base rights, see pp. 16 ff.



### 1. *Political*

Australia has taken a very independent line in UN affairs and proudly avoids giving any suggestion of subordination to the US or UK. She is, however, strongly affected by her constitutional, racial and sentimental attachment to Great Britain and her strategic dependence upon the US. Although sometimes troublesome in debate, Australia can generally be counted on to vote on our side on any major issues involving a test of strength or divergence of policy with the Soviets, however attractive the fancied role of a social democratic mediator between communist and capitalist extremes. At the same time, where no such basic divergence exists, and where Australia has no direct or immediate interest, she makes use of her position as a small power to champion principle and consistency and to defend UN authority. The Australian Minister of External Affairs, Dr. Herbert V. Evatt, has taken a prominent and personal part in UN activities, since the San Francisco Conference, although this has been at the expense of his domestic responsibilities as Deputy Prime Minister and Attorney General. He vigorously opposes the veto; plays a self-appointed role as spokesman of the small and middle powers; and has sought to strengthen the General Assembly as against the Security Council.

It is natural that Australia, which gives to her judges a quasi-executive authority over important political and economic questions, should support arbitration in the international field. In keeping with this domestic tradition, and contrary to our position, Australia strove to give the UN Good Offices Committee arbitral as well as mediatory powers in Indonesia, and during the third session of the Human Rights Commission the Australian representative urged the establishment of an International Court of Human Rights with authority to hear petitions from individuals.

During the past few months Dr. Evatt has displayed a tendency to abandon his previous position of a parallel approach with the US and UK on major policy matters in favor of the more neutral role of mediator. Evidence of this may be seen in a number of cases during the last General Assembly during which he refused to cooperate with us in rejecting the Soviet "war-mongering" resolution, was hostile to the establishment and work of the Temporary Commission on Korea, and lukewarm towards the establishment of the Interim Committee of the Assembly. Australian members on UNSCOB also displayed an obstructionist attitude. To the extent that this tendency on the part of Australia serves to weaken the democratic front, it has and will prove embarrassing to us. We should endeavor to avert a recurrence of such incidents by careful advance diplomatic preparation; making it quite clear that we stand firm on questions of principle; and, empha-

sizing that it is communism of the Moscow variety that we oppose and not democratic socialism which may be favored by other countries.

These characteristics of Australian UN policy apply also to the position that country has taken in other UN bodies and in the specialized agencies. At the sixth session of ECOSOC the first one in which Australia participated as a member, she took an independent position and made a definite bid for leadership. She urged acceptance of the principle of full employment as a fundamental aim of international economic policy. In some cases, at least, Australia seemed disposed to use this principle as an excuse for release from firm commitments in international commercial policy. In the Trusteeship Council, as administering power for the trust territory of New Guinea, Australia has in general been cooperative to suggestions made by the US delegation. In UNESCO, Australia has been active and, from our point of view, cooperative. Although at the recent General Conference on Freedom of Information the Australians were more disposed than ourselves to accommodate the Soviet point of view on "war-mongering," they did not propose any corrective measures incompatible with our interpretation of the principles of freedom of information.

As a member of the International Refugee Organization, Australia has usually agreed with us, except on the few occasions when we were at variance with the UK. Australia set a quota of 20,000 DP's which it would accept in 1948 and is much disturbed that due to shipping shortages they have at present received only 4,000. The Prime Minister has recently appealed directly to President Truman to obtain additional shipping for this service, offering at the same time to admit a total of 200,000 DP's as rapidly as possible. We appreciate this move as one which would relieve the refugee situation in Europe, but a number of details in addition to shipping remain to be worked out before the offer can be implemented.

Australia sees herself as spokesman for the British Commonwealth and senior member of the Anzac partnership in all matters relating to the Pacific area. It was largely through the initiative of the Australian Government that the South Seas Conference was called in Canberra to establish the South Pacific Commission. Australia has expressed a desire to assume the leadership in governmental cooperation for the improvement of the conditions of the native peoples of the Islands of the South Pacific and Australia's policy in this regard has been a source of satisfaction to us.

Australia represents the entire British Commonwealth on the Allied Council in Japan, and an Australian Officer commands the British Commonwealth Expeditionary Force in Japan. Special attention should therefore be paid to the basis of Australian policy regarding Japan and the origin of their suspicion of our intentions. Their



policy with respect to Japan is directed toward obtaining an equal voice in the determination of a final peace settlement, a guarantee that Japan shall never again become a military power; and, the providing of safeguards against Japanese economic domination of Far Eastern markets.

Although the Australian attitude apparently became more friendly to our occupation policies following Dr. Evatt's visit to Japan in July, 1947, a suspicion of our intentions remains. Basically Australia's criticism of SCAP policy is that Japan is being built up as a US bastion against the USSR and that no practical problem is allowed to be decided solely on its merits, but always in relation to Soviet-American relations. To the Australians this means that we are allying ourselves with the most reactionary elements in Japan under the baleful influence of high finance and the Army.

As Australian support for our Japan policy is highly desirable and can usually be counted upon to involve New Zealand and often UK support as well, every effort should be taken to prepare the ground through diplomatic channels before new measures are adopted which might be misunderstood by the Australian Government. Whenever possible, announcement of new policy decisions should be preceded by frank explanation of our motives to the Australians both here and in Canberra, and unheralded interim directives by SCAP should be avoided. Since the Australian public takes a lively interest in Japan, and since the Commonwealth Government's actions must be justified, an effort should be made to brief Australian correspondents both here and in Japan on reasons for SCAP policies.

In recognition of Australian sympathy, the Indonesian Republic chose Australia as its representative on the SC Committee of Good Offices. As a member of the Committee, Australia has consistently supported the position of the Republic. Recently Australia has collaborated with the US delegation on the Good Offices Committee in proposing a joint political settlement to the two parties.

## 2. *Economic*

Despite her present high level of prosperity and employment, Australia is confronted with a dollar shortage much increased since the end of the war by a heavy increase of imports from the US and Canada of semi-finished materials to supply industry and of goods formerly obtained from other sources. Her principal source of dollar earnings has been wool, of which she is the world's largest producer, and the fiscal year just ended saw reduced American purchases of raw wool. Drawings on the sterling area dollar pool in London have been the principal resources relied upon for meeting the current deficit. Although Australia has already instituted measures to cut dollar im-

ports substantially and their full impact may take effect by the end of 1948, a considerable dollar deficit is expected to remain. Apart from expanding the production of gold, which at best can solve only part of the problem, Australia is thus faced with three possible alternatives: (1) further extensive drawings on the sterling area dollar pool, (2) drawing on the International Monetary Fund, or (3) expansion of her exports to dollar areas.

In view of our deep concern in the recovery of the UK and the maintenance of her financial stability, we wish to see Australia restrict her dollar drawings on the UK as much as possible. To minimize such drawings, we are prepared to support an application by Australia to the International Monetary Fund within the framework of our policy toward the Fund during the transition period. We should also encourage Australia to explore the possibilities of increasing her dollar earnings.

US economic development policy toward Australia should be directed toward aiding that country in the development of native resources through private channels. Encouragement should be given to sound development projects or programs, either by direct private US investment or through loans and other aids to Australian ventures. American-owned companies in Australia have usually been able to make satisfactory arrangements for the withdrawal of dividends, and they have traditionally avoided calling upon our government for assistance. We should support Australian applications, if any are forthcoming, for International Bank loans for long-term development schemes. We should also support Export-Import Bank loans, if sought, for sound individual projects of suitable character.

The Australian Government has under consideration a draft treaty of friendship, commerce, and navigation which we submitted to them some time ago. The proposed treaty follows the pattern of our other post-war commercial treaties and we are encouraging Australia to undertake detailed conversations on the draft in the immediate future.

#### C. RELATIONS WITH OTHER STATES

Based on a common political outlook, a common racial stock and a similar geographic position, Australia's relations with her sister Dominion of New Zealand have always been close, and particularly so at the present time when both have Labor governments. This intimacy was formalized in the Australia-New Zealand Agreement of 1944, the so-called Anzac Pact, providing for continuous joint consultation on policy and the proclamation of what amounts to an Anzac Monroe Doctrine for the Southwest Pacific.

Australia's occasional assumption that it speaks for the Anzac powers has not been accepted without reservation by New Zealand.



We should respect New Zealand sensibilities in this respect and not assume that a single approach to Canberra will suffice for both Dominions.

A strong British Commonwealth is one of the fundamental aims of Australian foreign policy and Australia is concerned about the weakened position of the UK. Yet Australia's attitude toward the Commonwealth has undergone profound changes in recent years. While formerly taking the Commonwealth alignment for granted and accepting a minor role without question, the war has had the effect of changing the emphasis which Australia has placed on Commonwealth membership. Australia has favored a strongly federated Commonwealth, but one in which leadership is exercised not by the United Kingdom but by a Council of British Nations and in which she would speak for the Commonwealth in Pacific affairs. Australia has stressed the need for integrating Britain's Western Union plans with Commonwealth interests.

Apart from growing purchases by the Soviets of Australian wool, there is little in the way of commercial relations between the two countries, and their political relations are confined for the most part to their relations at UN. On April 30, 1948, however, the Australian suggestion that both countries raise their Legations to the status of Embassies was accepted. Although Dr. Evatt has recently endeavored in the UN to bridge the gap separating the USSR from the West and has expressed the hope that the US and UK might be more conciliatory, Australian opinion generally has sympathized with our position. Australia herself is at issue with the Soviets on many major issues, most importantly their attempt to exclude Australia and other small powers from participation on an equal basis in Japanese treaty discussions.

The Communist Party in Australia is numerically weak and without Parliamentary representation, but it controls the executives of a number of key trade unions. In view of their independent action in banning all shipments to Indonesia, and their current threat of similar action on Greek shipping, it is quite likely that these unions might seriously interfere with any aid from Australia in the case of open conflict with the USSR. Communists in Australia are officially opposed by the government. The Prime Minister has, however, rejected the Liberal Party's demands for special discriminatory legislation against the Communist Party.

All sections of the Australian public are acutely aware of the possible danger in the proximity of Asia's "teeming millions" to the inviting vacuum of their own relatively unpopulated continent. While liberal opinion in Australia is embarrassed in any attempt to make a purely ethical justification of the "white immigration" policy, it is

nevertheless a policy which on practical grounds commands the overwhelming support of the people. The Australians are eager to win the friendship of the native peoples of Southeast Asia for reasons of both security and commerce, but wish to do this without compromising their fixed policy of restrictive immigration.

Australia claims sovereignty over a third of the Antarctic continent. The increased interest of Australia in the area is shown by the appropriation of 327,000 Australian pounds for Antarctic exploration during the current year, the establishment of an Antarctic Section in the Department of External Affairs, and the announcement that a permanent base in the Antarctic continent would be established. Scientific bases were set up on Heard and Macquarie Islands during the past Antarctic summer. We notified the Australians that we reserved our rights with respect to Heard Island which though uninhabited, was first discovered by an American whaling captain. Australian interest in Antarctica is based on considerations of prestige, weather forecasting, whaling and defense. We are anxious to win their cooperation for our project for the internationalization of the Antarctic continent, and both Australia and New Zealand would be included in the proposed eight-power administration.<sup>2</sup>

#### D. POLICY EVALUATION

Our relations with Australia traditionally have been friendly. Americans visiting or residing there find the atmosphere congenial and hospitable. The importance of Australia as an assertive spokesman of the smaller and middle powers at UN and her present aspiration to lead a "third force" between ourselves and the iron curtain countries have, however, brought a new aspect to our relations.

Australians and Americans share a common western orientation and a common distaste for arbitrary power and violent change. The national interests of our two countries are fundamentally the same. Hence in any issue where the Australians are fully acquainted with the facts and which involves a matter of principle, their reactions are apt to parallel our own. For example, the Australians voted with us even more often than with the UK on issues raised during the last meeting of the General Assembly.

At the same time there are points of disagreement between our two countries. The scope of "free enterprise" is more narrowly defined and the concept does not enjoy the same veneration in Australia as in the US. The suspicion of American financial and military power has deep roots in Australia and is nourished by the press.

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<sup>2</sup> Documentation on United States interest in the resolution of the Antarctic problem is presented in volume I.

Our approach both to the government and, in our information program, to public opinion, should be designed to remove any suspicion that our policy in Europe and the Far East is dictated by a class or militaristic bias or that in endeavoring to contain Soviet expansion we do not discourage social reforms. With the government, such an approach should be on a basis of candor and informality which the Australians appreciate and understand. The Department of External Affairs might be furnished background material which, although restricted from the public, might make clear our motives and our points of view. In our limited information program, we have been perhaps overly cautious, and a more effective contribution to our policy might be rendered by a bolder approach and less reluctance to discuss controversial subjects.

The degree of our support from Australia frequently will be influenced by the intimacy of our relations with the UK. Australian Communists have formed an unnatural alliance with the Beaverbrook-type of imperialist in accusing the US of attempting to capture British overseas markets and of putting pressure on the British to end imperial preference and to devalue the pound. These accusations should be vigorously denied.

Properly cultivated, Australia can be of much assistance to us, especially in UN affairs. Advance diplomatic preparation on a number of questions might have eased our task in the last Assembly, and greater use should be made of direct conversations here or in Canberra to that end. Likewise, Dr. Evatt's egotism can, with skill, be turned into constructive channels and when we are satisfied that the Australians will follow our line of thinking he, as Australia's spokesman, should be encouraged to take the initiative.



## NEW ZEALAND

### UNITED STATES RELATIONS WITH NEW ZEALAND

711.47H/9-2448

#### *Policy Statement of the Department of State*

SECRET

[WASHINGTON,] September 24, 1948.

#### NEW ZEALAND

##### A. OBJECTIVES

The fundamental objectives of United States policy toward New Zealand are to maintain and strengthen the close ties of friendship which exist between New Zealand and the US; to encourage New Zealand, as an independent member of the British Commonwealth of Nations, to collaborate closely with the US on matters of common concern, particularly in the Pacific; to strengthen New Zealand, in association with Australia, as a friendly power in the Southwest Pacific; and to encourage the economic development of New Zealand and the growth of her foreign trade in accordance with the principles of the ITO Charter.<sup>1</sup>

##### B. POLICY ISSUES

New Zealand is the most loyal of all the Dominions in its relations with the UK, which is its principal market and supplier of manufactured goods. The impact of the war on New Zealand thinking, while not diminishing the loyalty of New Zealand to the mother country, nevertheless has brought an awareness of the strategic dependence of New Zealand and Australia upon the US for defense in the Pacific and of the importance of maintaining close and friendly relations with the US and furthering cooperation between the two countries in matters connected with the Pacific area. As a result of the war New Zealand is also more closely allied with Australia and can be expected to share to some extent the apprehensions of Australia concerning the east-west conflict and the suspicion that the US is sponsoring restoration of Japan's heavy industries.

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<sup>1</sup> Documentation on the proposed charter of the International Trade Organization is printed in volume I.

### 1. *Political*

In the United Nations New Zealand has been one of the strongest critics of the veto. During the discussions of the veto in the Interim Committee of the General Assembly in March 1948, New Zealand proposed that the votes of two permanent members of the Security Council should be required to effect a veto. This proposal received no substantial support, but it remains close to the hearts of top New Zealand officials. New Zealand has taken an active interest in trusteeship matters and has been one of the most liberal of any of the administering authorities on the Trusteeship Council. It was on the prompt initiative of New Zealand that the former mandated territory of Western Samoa was placed under trusteeship. Further, New Zealand was most cooperative with regard to the special mission of the Trusteeship Council to Western Samoa in response to a petition for self-government addressed to the Council by the Samoans. The recommendations of the Mission were accepted by New Zealand and in large part incorporated in legislation passed by the Dominion Parliament.

In most of the issues before the United Nations in which we have been at variance with the USSR, New Zealand has been an outspoken supporter of our side. The effectiveness of this support has been somewhat reduced, however, by the smallness of the New Zealand delegation and their consequent reluctance to serve on committees. We have found the New Zealand delegation to be most helpful and cooperative on ECOSOC, UNESCO and other agencies of the United Nations. Outside the United Nations New Zealand has also cooperated fully with the United States and the other four powers in the South Pacific Commission.

With reference to our policies toward Japan New Zealand shares with Australia certain dissatisfaction with the present relations between the Far Eastern Commission and SCAP and has been critical of many of General MacArthur's decisions. At the same time there are important differences in the attitudes of the two Dominions toward the problem of Japan. New Zealand as a predominantly agricultural country is not opposed to a revival of Japan's industrial economy as such but insists on adequate security safeguards. Because of its fear of a possible Japanese military renaissance, New Zealand, while advocating a greater voice for small powers in international affairs, realistically recognizes the importance of American security interests in the Pacific and is much less prestige conscious and desirous of individual recognition than Australia.

It is important that we have the support of New Zealand for our Japanese policies. Since our aims are not fundamentally opposed, there is every reason to believe that we can obtain such support provided we are careful to prepare the ground through diplomatic chan-



nels before new measures are adopted. Unheralded interim directives by SCAP should be avoided wherever possible. In any approach to the New Zealand Government and public opinion, emphasis should be laid on our efforts to democratize Japan politically and economically and to render her independent of continuous grants from the US.

There are seven Pacific Islands now administered by New Zealand to which the US has historic claims that have not been renounced: Atafu, Nakunono and Fakaofu, in the Tokelau or Union group; and in the Cook group, Penryhn, Manahiki, Danger (Pukapuka) and Rakahanga. Although the US claims to these islands were stated in a note to the British Embassy of August 16, 1939,<sup>2</sup> we have not raised the question directly with the New Zealand Government. We should, however, avoid any action which might weaken our claims to sovereignty.

New Zealand claims a large section of Antarctica known as the Ross Sea Dependency, and was authorized by a British Order in Council of July 30, 1923, to administer the area, particularly for the regulation of whaling. New Zealand is also interested in Antarctica for strategic reasons as well as in connection with such scientific projects as weather forecasting and the study of cosmic rays. New Zealand has indicated that it might favor international administration in close relation with the United Nations.

## 2. *Economic*

New Zealand normally has a deficit on current account in her transactions with the dollar area, which she has met by drawings on the sterling area dollar pool in London. In order to reduce the deficit, New Zealand has imposed controls which allow only essential imports from dollar sources; unfortunately, through the operation of these controls the accumulated shortages of essential goods are expected to become so acute in the next few months as to cause serious dislocations in production. New Zealand producers have recently suggested the possibility of diverting a portion of New Zealand's exportable surpluses of meat, butter and cheese (almost all of which exports in recent years have been going to the UK) to dollar areas, but it is reported that the British opposed the suggestion during recent bulk purchase negotiations. In formulating our attitude toward such measures, we should consider our strong interest in the financial stability of the UK and particularly ECA assistance now being given that country. On balancing all considerations, it is believed that our interest in reducing to a minimum New Zealand's drawings of dollars from the UK is so great that we should not discourage her efforts to save and earn dollars.

Recently New Zealand revalued her currency to parity with sterling.

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<sup>2</sup> For text, see *Foreign Relations*, 1939, vol. II, p. 317.

Since it does not appear that this action will have any significant effects on her dollar deficit in the near future, no action by us is necessary.

It is our policy to encourage adherence by New Zealand to the multi-lateral trading principles set forth in the GATT<sup>3</sup> and the ITO Charter. New Zealand's principal sources of dollar earnings are wool and hides (which are not subject to the same exclusive purchase schemes as meat and dairy products). In GATT, the US made tariff concessions on wool, hides, and products of interest to New Zealand. We wish to encourage New Zealand to increase her exports to the United States and to widen their range.

New Zealand, though evincing continued interest in the Bretton Woods institutions, has not taken any steps to join them. We would favor the participation of New Zealand in both the Fund and the Bank, but since membership in these institutions has become a domestic political issue in New Zealand, it is difficult for us to encourage positive action by New Zealand. If New Zealand should join the International Bank and apply for a loan for long-term development schemes, we should support the application. We should also support applications to the Export-Import Bank for short-term loans to finance individual projects of an economically justifiable character.

American assistance in the economic development of New Zealand has been almost entirely through private capital. In the recent past, the capital flow from the United States to New Zealand has been in the neighborhood of \$3 million per year. We should encourage private American capital to continue to participate in sound development projects or programs either through direct investments or through loans and other aids to New Zealand ventures.

A draft treaty of friendship, commerce and navigation was presented to the New Zealand Government in March 1948 as a basis for discussions.

#### C. RELATIONS WITH OTHER STATES

New Zealand and Australia are bound by strong ties of friendship and share, in general, a common outlook on Pacific problems. The Australian-New Zealand Agreement of 1944 (the Anzac Pact), sets forth a comprehensive joint declaration of policy regarding the South Pacific. While no serious differences have arisen between the two countries, there has been an increasing reluctance on the part of New Zealand to accept unquestioningly Australian leadership in the Pacific, particularly in those instances where Australia has opposed the policies of both the UK and the US.

Both Australia and New Zealand are faced with similar problems

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<sup>3</sup> Documentation on the General Agreement on Tariffs and Trade appears in volume I.



concerned with adjusting their policies to the rising nationalism of the east. Although both restrict Oriental immigration, there is a distinct difference in attitude on the racial question; New Zealand's experience with its Maori minority has given it a much more enlightened attitude. These differences, while significant, do not obscure the fact that cooperation between the two governments is continuous and increasing in conformity with the terms of the Anzac Pact. Thus they have recently engaged in economic discussions between themselves prior to making a joint approach to the UK on a revision of their bulk contracts, and they have participated jointly in the military field on such questions as preparations for the defense of Fiji.

New Zealand is generally considered the most British of the Dominions, and the most sympathetic toward Britain. Economically the relations between New Zealand and the UK have been particularly close. Predominantly agricultural New Zealand has shipped the overwhelming majority of its produce to the UK and has entered into long-term contracts with Britain to obtain assured markets for its dairy products.

New Zealand public opinion is not as strongly in favor of a centralized Commonwealth as are conservative elements in Australia, but it does support the need for some means of promoting closer agreement within the Commonwealth on foreign affairs and defense policies.

The desire for continuous consultation within the Commonwealth has been heightened in recent months by the prospect of British membership in a western European union and an anxiety over the political, economic and even military effects of such a connection on the self-governing dominions. It is not anticipated, however, that New Zealand will offer strenuous objections to a closer association of the UK with western European economy, particularly within the framework of present ECA commitments. A growing section of New Zealand opinion is becoming conscious of the advantages to be gained by a wider and rehabilitated European market for the Dominion's agricultural produce.

New Zealand and the Soviet Union have exchanged diplomatic representatives and their representatives meet in international organizations and conferences. There have been few mutual economic interests, but the Soviet Union is sending a trade representative to New Zealand to purchase wool.

The Labor Government's attitude on Communism is one of unequivocal opposition. There is general concern in New Zealand that Communism may spread among the native peoples of Southeast Asia, and thus eventually constitute a menace of disturbing proportions. The Communist Party of New Zealand is small and has no parliamentary

representation. It is, however, active and effective in the trade unions. The affinity of the trade union movement to that in Australia has led to some sympathy for Dr. Evatt's <sup>4</sup> contention that the US shares the blame with the Soviet Union for east-west tension. In general, however, the New Zealand attitude toward Russia is condemnatory and apprehensive.

#### D. POLICY EVALUATION

Our relations with New Zealand have always been most friendly and there has been very little discord in our immediate mutual relations, either political or economic. To the extent that we continue our present close cooperation with the UK we can be assured of a generally sympathetic attitude on the part of the New Zealand Government and public opinion. Earlier fears of US political and economic imperialism in the Southwest Pacific have been dissipated to a large extent in the last year, but there continues to be some fear that our Japanese policy may be directed largely toward building up Japan as a buffer against the Soviet Union with insufficient regard for the security considerations which are paramount in New Zealand's attitude toward the reconstruction of Japan.

The increasingly vocal demands in Western Samoa for some form of union of the whole Samoan island group require care and tact on our part. Despite the relatively decreasing importance of Pago Pago as a naval base, we are not prepared to renounce our sovereignty in American Samoa. It is quite evident, moreover, that the natives in general do not wish us to depart. We are quite prepared, however, to see a closer degree of liaison between the native populations of the two territories. We authorized a number of native chiefs from American Samoa to accept the invitation of the Western Samoans to attend the ceremonial opening of the new Legislative Assembly in Apia last June.

New Zealand and the US share a common western European tradition, the heritage of the English common law and a like distaste for arbitrary power and violent change. Speaking a common language we also agree in the defense of such concepts as liberty and democracy. The national interests of our two countries in safeguarding and preserving the principles of democratic government are fundamentally the same. This means that in any issue involving a matter of principle their reactions are apt to parallel our own, provided, of course, that they are fully acquainted with the facts. New Zealand's voting record in the General Assembly, particularly in the case of Greece, the veto and the Interim Committee, demonstrates this.

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<sup>4</sup> Herbert V. Evatt, Australian Deputy Prime Minister and Minister for External Affairs.



There are some points of difference, however, between our two countries. The concept of "free enterprise" in New Zealand is defined within the framework of the doctrines and program of the Labor Government and does not enjoy the same respect as in the United States. Furthermore, New Zealand's deep attachment to Great Britain colors her attitude toward national and international problems as is exemplified by her support for Imperial Preferences.

Our approach, both to the New Zealand Government and to public opinion, should be designed to remove any suspicion that our policy in Europe and the Far East is dictated by a class or militaristic bias. Toward the government such an approach should be candid and should reflect a desire on our part that our motives be clearly understood and appreciated. Our information program faces a generally sympathetic public opinion in New Zealand and our approach should therefore be positive and open. The signing of the Fulbright Agreement with New Zealand on September 14, 1948 makes available a fund totalling \$3,200,000 for educational exchanges. The keen interest of New Zealand in this program offers an excellent long-term medium for furthering United States-New Zealand understanding through the interchange of information and skills.

New Zealand can be of assistance to us in UN affairs and where we can anticipate the emergence of a major issue or where we wish to obtain New Zealand's support for a project, greater use should be made of direct conversations here or in Wellington. New Zealand, as a semi-socialist state, devoted to parliamentary process, is not vulnerable to stock Communist propaganda and her support in UN, therefore, is of particular value to us.

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**AGREEMENT BETWEEN THE UNITED STATES AND NEW ZEALAND  
RESPECTING A UNITED STATES EDUCATIONAL FOUNDATION IN  
NEW ZEALAND**

[For text of Agreement, signed at Wellington September 14, 1948, see Department of State, Treaties and Other International Acts Series No. 1812, or 62 Stat. (pt. 3) 2802.]

## PACIFIC ISLANDS

### DISCUSSIONS BETWEEN THE UNITED STATES AND THE UNITED KINGDOM CONCERNING THE SOVEREIGNTY OF CANTON, CHRISTMAS, ENDERBURY, AND OTHER ISLANDS IN THE PACIFIC<sup>1</sup>

811.014/9-2048

*The Acting Secretary of State to the Secretary of Defense (Forrestal)*

SECRET

WASHINGTON, September 23, 1948.

MY DEAR MR. SECRETARY: There are at the present time approximately twenty-five islands in the South Pacific which are claimed by the United States and which are also claimed by the United Kingdom or New Zealand. In an effort to resolve these disputed claims it was suggested in April, 1947, in the course of informal talks in the State Department<sup>2</sup> with members of the British Embassy, that if the United Kingdom Government would surrender its share of the condominium over Canton and Enderbury Islands and recognize United States sovereignty over Christmas Island, the United States might be prepared to relinquish its claims to the rest of the islands in dispute.

The British Government has offered, as a counter proposal, to grant the United States a ninety-nine year lease of the area on Christmas Island in which the present United States Base is situated and of a small surrounding strip of land for the purpose of the subsequent development of the Base, to extend the present fifty years condominium over Canton and Enderbury Islands to ninety-nine years and to agree that the United States should have exclusive possession of the Bases in both Canton and Christmas Islands and all necessary powers of control. This British proposal is conditional upon the United States being willing to abandon its claims for the cession of the islands in dispute.

It is my understanding that the Base on Christmas Island is now in process of being closed and that the Army and Air Force personnel who have been stationed there are being withdrawn. Aside from this fact, acceptance of the British proposal would afford tacit recognition of the validity of the British claim to Christmas Island with attendant prejudice to our claim, not only to Christmas, but to the other islands as well. The question would seem to resolve itself, therefore, as to

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<sup>1</sup> For previous documentation on United States interest in acquisition of overseas bases and base rights in British Commonwealth areas, see *Foreign Relations*, 1945, vol. vi, pp. 204 ff., and 1946, vol. v, pp. 1 ff.

<sup>2</sup> A memorandum of the principal conversation of April 11, 1947, is in Department of State file No. 811.34590/4-1147.



whether it is of sufficient importance from the strategic viewpoint to ensure Base rights at Christmas and Canton to warrant jeopardizing our claims to Christmas and the other disputed islands.<sup>3</sup> In this connection, in the event we decide not to accept the British proposal we would, of course, continue to assert our claims to the islands and endeavor to reach some satisfactory agreement with the British with respect to the question of sovereignty.

Sincerely yours,

ROBERT A. LOVETT

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<sup>3</sup> Secretary Forrestal in his reply of October 20 stated that Christmas Island and Canton Island were of strategic importance, but that the matter of pressing now for base rights on these two islands was not of such urgency as to warrant jeopardizing other basic United States claims.

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811.34590/11-1648

*Memorandum of Conversation, by Mr. J. Harold Shullaw of the  
Division of British Commonwealth Affairs*

TOP SECRET

[WASHINGTON,] November 16, 1948.

Participants:

Mr. Dennis Allen, Counselor of the  
British Embassy  
Mr. Satterthwaite, BC  
Mr. Wailes, BC  
Mr. Shullaw, BC

On November 16, 1948 Mr. Dennis Allen, Counselor of the British Embassy, called on Mr. Satterthwaite and was handed an informal statement concerning the proposals which Sir John Balfour and Mr. Robert Cecil had made in an informal conversation with Mr. Hickerson and Mr. Wailes on April 6 [7], 1948,<sup>1</sup> concerning the question of disputed islands in the Pacific. A copy of this statement is attached.

After Mr. Allen had read the statement, Mr. Wailes said that he wished to add a few remarks. He stated that it was still the hope of the United States Government that the British Government would be able to consider favorably the proposals originally made by Mr. Hickerson in April, 1947, in which a division of the disputed islands between the two countries was suggested. Mr. Wailes indicated that these suggestions were not being pressed at the present time, but that he was merely reiterating the United States position.

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<sup>1</sup> A memorandum by Mr. Arthur L. Richards of the Division of British Commonwealth Affairs, dated April 7, 1948, summarized this conversation of April 7 between Sir John Balfour, British Minister at Washington, and John D. Hickerson, Director of the Office of European Affairs; not printed.

## [Enclosure]

During an informal conversation with Mr. Hickerson and Mr. Wailes on April 6 [7], 1948, Sir John Balfour and Mr. Robert Cecil referred to certain suggestions which Mr. Hickerson had made in April, 1947 with respect to a possible means of settling outstanding claims relating to disputed islands in the Pacific, and indicated that the British Government did not concur in the idea of dividing up the islands between the United States and the United Kingdom. Sir John's counter-proposals, together with the Department's views thereon, are covered in the following four paragraphs:

1. *Christmas Island*. Sir John suggested that the United States be granted a 99-year lease of the area on which the United States Base was located, and of a small surrounding strip of land for the purpose of subsequent development of the Base. The appropriate United States authorities feel that while Christmas Island is of strategic importance to the United States, the re-establishment of a Base on the Island is not a matter of urgency at the present time. United States Armed Forces personnel stationed on Christmas were withdrawn on October 15, 1948; such withdrawal is, of course, without prejudice to United States claims to the island.

2. *Canton Island*. It was suggested that the 50-year condominium be extended to 99 years with the area of the existing U.S. Base specified by agreement in such a way as not to affect British Commonwealth air interests or the United Kingdom's plans for the allocation of the remaining part of the Island for planting crops et cetera, and for the development of native quarters. The Department feels that as the condominium agreement has approximately 40 years still to run, no decision need be reached at the present time with respect to extending it. Minor problems which have arisen concerning the Civil Air Base at Canton are, it is believed, being satisfactorily settled and the more complicated question of working out the details of a joint administration for Canton and Enderbury Islands is now under discussion between the two Governments.

3. *Tarawa Island*. Sir John Balfour was kind enough to indicate that, irrespective of the other counter-proposals which he put forward, the British Government was prepared to offer to the United States Government a grant of land in Tarawa for the establishment of a memorial and cemetery for the United States Marines. The Department greatly appreciates this thoughtful offer and, after consideration by the appropriate military authorities, accepts with sincere appreciation a small plot of land suitable for a monument. No cemetery is planned for Tarawa. When the American Battle Monuments Commission's plans are more definitive the subject will be reopened for determination of the exact area and location of the site.

4. *Regional Arrangement for the Defense of the Southwest Pacific*. The Department will of course be glad to consider at some appropriate time in the future any proposals which the British Government may wish to make on this subject. In the absence of any threat to the Southwest Pacific, it is felt that Western Union and other more urgent regional arrangements should be dealt with first.

## SOUTHEAST ASIA

### FRENCH INDOCHINA

#### THE INTEREST OF THE UNITED STATES IN NATIONALIST OPPOSITION TO THE RESTORATION OF FRENCH RULE IN INDOCHINA <sup>1</sup>

851g.00/1-2948 : Circular airgram

*The Secretary of State to Certain Diplomatic and  
Consular Officers* <sup>2</sup>

CONFIDENTIAL

WASHINGTON, January 29, 1948—1:10 p. m.

Amembassy, New Delhi, has reported following regarding the Government of India's attitude toward Indochina as furnished by official External Affairs Dept:

"As frequently expressed by Nehru,<sup>3</sup> India has deep sympathy for efforts southeast Asian countries fulfill national aspirations and improve their peoples living standards. Notwithstanding this India will hesitate submit question Indochina UN because (1) France as permanent member SC could veto any action contrary French interests and (2) GOI not convinced Vietnam exercises de facto authority Indochina or, in contrast Indonesia, it represents viewpoint majority Indochinese. For time being India's sympathy Indochinese aspirations will take negative forms such as refusing permit India be used as base French operations in Indochina and GOI will not take positive steps toward intervention. Lastly India would not like submit Indochinese question UN as long as GOI GOP dispute regarding Kashmir under consideration by UN.

"Embassy feels that above represents true picture of External Affairs Ministry's attitude. This attitude, however, subject to reversal in case Nehru becomes imbued with feeling that French oppressing Indochinese in view his frequent emotional approach such problems. Extremely unlikely India will take any action regarding Indochina until decision re dispute with Pakistan handed down by UN."

MARSHALL

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<sup>1</sup> Continued from *Foreign Relations*, 1947, vol. VI. For additional documentation on United States policy with respect to Indochina during 1948, see United States Department of Defense, *United States-Vietnam Relations, 1945-1967*, 12 vols. (Washington, Government Printing Office, 1971), Books 1 and 8.

<sup>2</sup> At Bangkok, London, Moscow, Nanking, Paris, Saigon, and Hanoi.

<sup>3</sup> Pandit Jawaharlal Nehru, Indian Prime Minister.



851g.00/2-348 : Telegram

*The Secretary of State to the Consulate General at Saigon*

SECRET

WASHINGTON, February 3, 1948—7 p. m.

21. Mil Attache Bangkok <sup>1</sup> reports Pham Ngoc Thach, one of Ho Chi Minh's <sup>2</sup> chief lieutenants, in course recent visit (1) said he departing for India 29 Jan with petition signed by Ho Chi Minh requesting UN intervention (2) confirmed suspicion previously voiced by Amer correspondent of imminent offensive which certain involve fighting in city Saigon.

Sent Saigon as 21; rptd New Delhi as 79. Saigon repeat Hanoi.

MARSHALL

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<sup>1</sup> Col. Reginald F. C. Vance.

<sup>2</sup> President of the Provisional Government of Vietnam Democratic Republic.

851g.00/2-2148

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*Memorandum of Conversation, by the Acting Assistant Chief of the Division of Southeast Asian Affairs (Lacy)*

CONFIDENTIAL

[WASHINGTON,] February 21, 1948.

During the evening of February 20 Mr. Winckler <sup>1</sup> expressed on his own motion his personal opinion that (a) France could not continue military operations in FIC much longer, as they had for the most part failed to accomplish their objectives and constituted a ruinous drain on French resources, and (b) that it might be desirable for France to accept the good offices of a Security Council committee such as that now operating in NEI, as he could see no other solution emerging from the present confusion. Mr. Winckler in elaborating this latter point said that he thought the French Government would be prepared to accept the sort of solution which the GOC had suggested in NEI. His only fear arose from the possibility that a GOC in Indochina might not be made up of powers "of the same disposition" as those which made up the GOC for Indonesia.

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<sup>1</sup> Jean-Claude Winckler, First Secretary of the French Embassy.



851g.00/2-2448

*Memorandum of Conversation, by the Ambassador in Siam (Stanton)*

CONFIDENTIAL

BANGKOK, February 24, 1948.

[Received March 22.]

M. Gilbert<sup>1</sup> called and after some discussion regarding the Siamese political situation said that he had recently been approached by an emissary from the representative of the Viet Nam Government in Bangkok who propounded the following questions:

(1) Is Bao Dai<sup>2</sup> the only channel through which the Viet Nam Government can carry on political discussions with the French Government?

(2) Would the High Commissioner, M. Bollaert, be prepared to modify the position taken by him in his speech given at Hadong on September 10, 1947?<sup>3</sup>

(3) Would the French object to the United States Embassy at Bangkok acting as an intermediary between the French and the Viet Nam Government or Bao Dai?

M. Gilbert said he had transmitted these questions to his Government but thus far had received no reply. At the same time he had communicated them to the High Commissioner at Saigon. The latter had replied, in answer to the first question, that he was of the opinion that the present French Government was quite unwilling to authorize any discussions directly with Ho Chi Minh; secondly, he did not see how he could recede from the position taken by him last September; and, thirdly, he thought that the question of the United States Government acting as an intermediary was one for the French Government to decide.

M. Gilbert inquired whether we had been approached recently by the local representative of Viet Nam regarding the possibility of mediation by the United States Government. I replied in the negative but said that last year an approach had been made to the Embassy with the request that a Viet Nam petition be presented by the United States Government to the Security Council. I added that we did not undertake to forward this petition but I understood that it had been forwarded through the mail by Viet Nam representatives in Bangkok. M. Gilbert inquired whether the United States would be interested in mediating and added that it was his impression that the State Department would prefer not to be involved. I said that I did not know what the present thinking of the Department was on this subject but

<sup>1</sup> Pierre-Eugène Gilbert, French Ambassador in Siam.

<sup>2</sup> Former Emperor of Annam, temporarily on a visit to Europe.

<sup>3</sup> High Commissioner Emile Bollaert offered a basis for negotiation to the Ho Chi Minh régime; for report, see telegram 290, September 11, 1947, noon, from Saigon, *Foreign Relations*, 1947, vol. VI, p. 134.

said that, as he knew, we were greatly concerned by the prolongation of hostilities in Indo-China and the serious effect which failure to bring about a settlement was having upon the economy of Indo-China. I added that we were most anxious to see a speedy settlement of the situation in the best interests of Indo-China and also of France.

My French colleague reviewed the situation in Indo-China in pessimistic terms. He said that the military campaigns had accomplished little of a lasting nature and that even the objectives which had been seized were gradually being vacated, and seemed to think that the strength of the Viet Nam forces had not been materially affected. He said that these campaigns were, of course, exceedingly costly and there was great wear and tear upon mobile equipment. He described trade and commerce as steadily diminishing and added that military operations had resulted in the loss of approximately one million tons of rice.

Turning to recent political developments, M. Gilbert said that hopes of reaching a satisfactory agreement with ex-Emperor Bao Dai were rapidly vanishing. Bao Dai, he said, was demanding more than Ho Chi Minh and in this connection recalled that shortly after he arrived in Bangkok (August, 1947) he had, through local Viet Nam representatives, received Ho Chi Minh's demands for transmittal to the French Government. He said he learned lately that the French Cabinet had considered Ho's proposals but were unwilling to enter into any negotiations with him. He said the present French Government was even less disposed to treat with "Ho, the Communist". Gilbert said, however, that from a practical point of view he was convinced it would have been possible to reach an agreement with Ho who, after all, had a big following in Indo-China, on the basis of Ho's proposals and that the French Government would have had to concede less than was now being demanded by Bao Dai. I asked him how he thought the present impasse could be resolved. He replied frankly that he did not know. He said some desultory discussions were being carried on with Bao Dai in Paris but he thought it unlikely either than [*that*] an agreement could be reached with Bao Dai, or, if reached, that Bao Dai had sufficient strength to implement it. He said that on the basis of his information he thought it unlikely that the members of the Viet Nam Government would be willing to place themselves under Bao Dai even in the event of the French conceding most of the demands being made by Bao Dai.

It was obvious that my French colleague was fully alive to the growing importance and necessity of bringing about termination of the present protracted and fruitless hostilities and effecting a peaceful settlement but it was equally obvious that he had little expectation that the French authorities could achieve such a settlement.

There was some discussion of the likelihood of this issue being



raised in the United Nations. I told M. Gilbert that Dr. Thack,<sup>4</sup> Under Secretary of the Viet Nam Government, was working busily on this possibility. Gilbert replied he was aware of Dr. Thack's activities and of the fact that he was in India seeking to enlist the support of the Indian Government. I said I knew Dr. Thack had also discussed this possibility with the new Burmese Government, and the Burmese Government had shown such marked sympathy for the Viet Nam cause that I was reasonably certain Burma would raise this problem in the United Nations soon after she joined that Organization. M. Gilbert said he was quite prepared to believe what I had said since he had considerable information indicating that the Burmese were actually assisting the Viet Nam Government in various ways.

E[DWIN] F. S[TANTON]

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<sup>4</sup>Pham Ngoc Thach.

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851g.00/5-1248: Telegram

*The Ambassador in France (Caffery) to the Secretary of State*

CONFIDENTIAL

PARIS, May 12, 1948—6 p. m.

2567. Baeyens<sup>1</sup> has informed me that French Government has authorized Bollaert to approve formation provisional Vietnam government headed by Xuan<sup>2</sup> but to insist that seat of government be located at either Hanoi or Hué and not at Saigon. Bollaert-Xuan negotiations will be conducted on basis Bay of Along protocol<sup>3</sup> which Xuan will countersign. Bao Dai will countersign agreement reached with Xuan.

Baeyens stated Foreign Office was not optimistic as to extent popular support provisional government could achieve and expressed hope that representatives from Annam and Tonkin would be of sufficient stature to offset at least in part government's being characterized as French puppet.

He had no information other than press report of early Bao Dai-Bollaert meeting and Bao Dai's visit to Europe. Foreign Office endeavoring to block latter which they consider could only lend support to charges of puppet government.

Department pass Saigon as No. 18.<sup>4</sup>

CAFFERY

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<sup>1</sup> Ferdinand Jacques M. G. Baeyens, head of the French Foreign Office section on Asian Affairs.

<sup>2</sup> General Nguyen Van Xuan, President of Cochinchina.

<sup>3</sup> For report on agreement reached in December 1947, see telegram 5398, December 16, 1947, 6 p. m., from Paris, *Foreign Relations*, 1947, vol. VI, p. 150.

<sup>4</sup> This was done the same day; it was repeated in telegram 23, May 14, 11 a.m., to Hanoi.

851g.00/6-648

*The Vice Consul at Hanoi (Rendall) to the Secretary of State*

No. 30

HANOI, June 6, 1948.

[Received June 15.]

SIR: I have the honor to transmit herewith five copies of "L'Entente",<sup>1</sup> a semi-official daily paper of Hanoi, containing the text of the accord signed June 5, 1948, in the Baie d'Along (mytel 124 of June 6, 1948<sup>2</sup>), together with the remarks made on that occasion by High Commissioner Bollaert, ex-emperor Bao Dai, and General Xuan, president of the "Provisional Central Government Vietnamienne".<sup>3</sup>

A necessarily cursory comparison indicates that the texts as printed herewith substantially correspond to those released this morning by the Press and Information Bureau of the Commissariat of the Republic for Tonkin. Any discrepancies revealed by further study will be reported.

In one respect, the first paragraph of the article in large print containing the text of the accord is misleading. It implies the accord was signed by Bao Dai and Bollaert with General Xuan as an observer. Actually, it was signed by all three, according to the official release and the verbal statement of the chief of the Press Bureau here. Exactly in what capacity Bao Dai signed the document is not clear, but the use of the initials S.M. (Sa Majesté) in the official press release would appear to imply recognition of some sort of royal prerogative.

The statements attributed to each of the three principal participants on the ceremony were made immediately after signature of the formal agreement.

Respectfully yours,

EDWIN C. RENDALL

<sup>1</sup> Enclosures not printed.<sup>2</sup> Not printed.<sup>3</sup> The new régime under General Xuan was set up May 21 at Saigon.

851g.01/6-948 : Telegram

*The Ambassador in France (Caffery) to the Secretary of State*

CONFIDENTIAL US URGENT

PARIS, June 9, 1948—5 p. m.

3063. Baeyens has informed Embassy that prevailing opinion in French Government circles is that Xuan Government has only dubious chance of success and that best indication its viability will be extent decrease in guerrilla activities during next month. States both Foreign Office and Overseas France would welcome changes in Provisional Government giving it a more representative character, as for example,



replacement by Xuan by Diem.<sup>1</sup> He added that Bao Dai who dislikes Xuan has repeatedly stated Provisional Government would remain in power only long enough to "*secher les murs*".

Commenting on Bay of Along agreement, which had previous approval of French Government (Saigon's 130, June 7, to Department,<sup>2</sup> 34 to Paris), Baeyens stated referendum in Cochin China was prerequisite to Assembly approval of change in status which would undoubtedly be vigorously opposed by Gaullists (my 3006 June 7<sup>2</sup>). (Baeyens spent three hours with D'Argenlieu<sup>3</sup> yesterday in discussion devoted primarily to means of protecting French interests in Cochin China). In addition to published text there is secret annex which Baeyens describes as "neither more nor less" than Bay of Along protocol of last December. Implementing arrangements called for in paragraph 3 of agreement (text in immediately following cable<sup>2</sup>) must be "negotiated from scratch," according to Baeyens who envisages conference similar Dalat or Fontainebleau.

Bollaert returns to Paris about June 20 in order confer with Coste-Floret<sup>4</sup> before latter's departure for Madagascar June 23. Baeyens does not believe he will return Indochina. Baeyens gives as principal reason other than personal for Bao Dai's forthcoming European visit his desire to remove himself from Far East during difficult period of establishment of Provisional Government and negotiations with France.

Department pass Saigon as 23.<sup>5</sup>

CAFFERY

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<sup>1</sup> Ngo Dinh Diem, who had consulted ex-Emperor Bao Dai in Hong Kong in December, 1947.

<sup>2</sup> Not printed.

<sup>3</sup> Adm. Thierry d'Argenlieu, French High Commissioner in Indochina until March, 1947.

<sup>4</sup> French Minister for Overseas Territories.

<sup>5</sup> This was done the same day; the telegram was repeated in 30, June 17, 6 p.m., to Hanoi.

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851g.01/6-1048 : Telegram

*The Consul General at Saigon (Abbott) to the Secretary of State*

CONFIDENTIAL

SAIGON, June 10, 1948—noon.

134. Conversation last evening with President Xuan and Vice President Huu confirmed impression that prompt conclusion and announcement specific agreement foreseen Baie d'Along protocol essential if new govt to have any chance succeed.

Xuan said negotiations would proceed both Indochina and France thru Vietnam "Super Ambassador" Bao Dai. (In later talk General

Delatour<sup>1</sup> claimed virtual agreement reached on most points and remaining task mostly drafting in conjunction Paris experts.) Announced today Bollaert advancing departure originally scheduled June 16.

President emphasized agreement and mutual confidence himself [and] Bao Dai and that latter would eventually return if popular referendum asked it. Xuan remarked no doubt results such referendum due monarchist sympathies bulk population Annam [and] Tonkin. Delatour claimed Bao Dai would return soon and admitted present experiment could not succeed without his presence in Hué.

Xuan not too confident possibility substantial defections nationalists now supporting Ho Chi Minh, pointing out efficiency Communist secret police made negotiations difficult and dangerous and few leaders prepared to risk being buried alive, current Viet Minh penalty for traitors. Alertness of Viet Minh indicated by recent disarmament portion Binh Xuyen troops and execution or arrest leaders.<sup>2</sup> Delatour confirmed above and spoke of need continued military action to persuade waverers and give them opportunity safely to shift sides by direct contact with French troops. Spoke of peace in 1 year or 18 months. Xuan spoke of need for American loans for reconstruction, reequipment and flood control Tonkin. Expressed interest American elections and assured by me results would cause no important change US foreign policy. Also expressed doubts regarding stability Schuman Govt and mistrust re colonial policy of a future De Gaulle Govt.

Sent Dept. 134; Dept pass Paris 36.<sup>3</sup>

ABBOTT

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<sup>1</sup> Gen. Pierre Boyer de Latour du Moulin was commander of French Forces in south Indochina.

<sup>2</sup> The Binh Xuyen was a resistance group in Cochinchina which switched from Ho Chi Minh to Bao Dai and Xuan allegiance in 1948.

<sup>3</sup> This was done the same day.

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851g.01/6-3048: Telegram

*The Ambassador in France (Caffery) to the Secretary of State*

SECRET

PARIS, June 30, 1948—5 p. m.

3453. Bollaert arrived in Paris June 28 and has reported to Coste-Floret and Auriol.<sup>1</sup> Baeyens informs us Bollaert will probably not see Bidault<sup>2</sup> for at least several days and until after Bollaert has had talks with Bao Dai, who has moved from Cannes and is now installed in Saint-Germain.

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<sup>1</sup> President Vincent Auriol of France.

<sup>2</sup> Georges Bidault, French Minister for Foreign Affairs.

Baeyens found Bollaert "his usual optimistic self". Bollaert (who is aware that both General Mast and General Catroux<sup>3</sup> would like the job) told Baeyens he intended to return to Indochina. Bollaert also informed Baeyens that Chinese troops on the northern Vietnam border are insufficient to prevent continuing raids over the border, that relations with Burma continue to be difficult since Communist elements use Burma as a supply area in which they regroup guerrilla forces, and that relations with Siam are improving.

Baeyens expressed personal view that it will be some time before French Government decides whether it is prepared to back Bollaert and Baie d'Along agreement. If this is the case, Baeyens feels views of Assembly should be obtained. Most difficult immediate problem, in Baeyens' view, will be status of Cochinchina, and he said any change therein must be approved by the Assembly.

Department will recall Baeyens personally regards Baie d'Along agreement as an unsatisfactory provisional and interim arrangement which is useful primarily as a step toward negotiation of a more specific agreement.

Department pass Saigon as Paris 25.<sup>4</sup>

CAFFERY

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<sup>3</sup> Gens. Charles Mast and Georges Catroux had both served in French Indochina, the latter as Governor General in 1940.

<sup>4</sup> This was done the same day.

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851g.01/7-248 : Telegram

*The Consul General at Saigon (Abbott) to the Secretary of State*

CONFIDENTIAL

SAIGON, July 2, 1948—2 p. m.

153. Viewed from here, alternatives to French Government acceptance Baie d'Along agreement (Paris telegram 3453, June 30) are (1) negotiation with Ho Chi Minh and (2) continuation of war with active resistance within French zone of such Viets as now support French or remain neutral. No one here considers military solution feasible, and no dyed-in-wool colonialist relishes perfectly conceivable prospect of uprising in Saigon of house-boys and rickshaw coolies. Reply of officials here to query what happens if Baie d'Along agreement not ratified is usually "I resign or take extended leave".

Pouched Hanoi. Department pass Paris 41 from Saigon.<sup>1</sup>

ABBOTT

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<sup>1</sup> This was done the same day.



851g.01/6-2248 : Telegram

*The Secretary of State to the Embassy in China*<sup>1</sup>

SECRET

WASHINGTON, July 2, 1948—5 p. m.

974. ReEmbtel 1116 Jun 22.<sup>2</sup>

1. Depts info indicates that Ho Chi Minh is Communist. His long and well-known record in Comintern during twenties and thirties, continuous support by French Communist newspaper *Humanité* since 1945, praise given him by Radio Moscow (which for past six months has been devoting increasing attention to Indochina) and fact he has been called "leading Communist" by recent Russian publications as well as *Daily Worker* makes any other conclusion appear to be wishful thinking.

2. Dept has no evidence of direct link between Ho and Moscow but assumes it exists, nor is it able evaluate amount pressure or guidance Moscow exerting. We have impression Ho must be given or is retaining large degree latitude. Dept considers that USSR accomplishing its immediate aims in Indochina by (a) pinning down large numbers of French troops, (b) causing steady drain upon French economy thereby tending retard recovery and dissipate ECA assistance to France, and (c) denying to world generally surpluses which Indochina normally has available thus perpetuating conditions of disorder and shortages which favorable to growth Communism. Furthermore, Ho seems quite capable of retaining and even strengthening his grip on Indochina with no outside assistance other than continuing procession of French puppet govts.

3. Dept considers Xuan govt has popular support comparable to that of Thinh<sup>3</sup> govt in Cochinchina during latter half 1946.

4. Consul Hanoi was given no instructions re his attendance proclamation Xuan govt as Dept preferred rely his judgment this matter. Assumably he attended in response official invitation French authorities whose sovereignty over Indochina we recognize. Emb might observe to FonOff that Chin Con Gen Saigon for past 2 years has been attending official ceremonies of govt autonomous republic Cochinchina, and later govt South Vietnam.

5. For urinfo only, Hanoi has reported that absence Chin representation Hanoi installation ceremonies was form of protest against French reestablishment Chinese congregations, a situation in which Dept does not wish become involved this juncture.

<sup>1</sup> Paragraphs 1 and 2 repeated in telegram 109, July 7, 2 p.m., to Saigon, in response to inquiries made at the request of the Chinese Foreign Office.

<sup>2</sup> For text, see *United States-Vietnam Relations, 1945-1967*, Book 8, pp. 125-126.

<sup>3</sup> Dr. Nguyen Van Thinh, President, with Colonel Nguyen Van Xuan as Vice President, of the "provisional government" of Cochinchina; Dr. Thinh committed suicide on November 11, 1946.

Dept concurs that approach to Chinese should be governed by considerations outlined in second para reference telegram. While details above are for info only, Emb authorized in its discretion make general statement to FonOff.

MARSHALL

851g.01/6-3048 : Telegram

*The Secretary of State to the Embassy in France*

TOP SECRET      US URGENT      WASHINGTON, July 3, 1948—1 p. m.

2466. For Wallner.<sup>1</sup> Dept considering ways of implementing recommendations contained in final para Saigon's tel 150 Jun 30 to Dept<sup>2</sup> rptd Paris as 40, and it appears desirable that with Emb, you consult informally with French officials, particularly Bollaert, as to points 1 and 2 below. Please comment on these as well as remaining points.

1) Daridan<sup>3</sup> has informally stated to Dept officer that in his opinion Assembly would not have to ratify Baie d'Along agreement. He pointed out, however, that definite agreement covering points mentioned in para 3 that document would assumably have to be so ratified. Dept inclined believe French Govt would have to give, however, public evidence that it backed Bollaert's signature of agreement. Pls report current French thinking this question.

2) In event Daridan's interpretation correct, Dept believes that only measure which French Govt would have to submit for approval Assembly would be question of change of status Cochinchina to allow "union 3 kys" to be achieved by Viets as stated Jun 5 agreement. Would such move by Schuman<sup>4</sup> Govt precipitate crisis? Is there any possibility that Communists might support such a measure or at least abstain from voting against it, as their line has consistently favored "union of 3 kys"?

3) How can approach to French best be made? In respect Baeyens' views (Embstel 3453 Jun 30) and rptd statements of Daridan that he does not believe Schuman Govt would risk its political life to bring question before Assembly, Dept believes that if desired results to be obtained, it must be done at highest level; i.e. Schuman, Bidault and Coste-Floret in spite latter's recent statement to Assembly (Embstel 3155 Jun 15<sup>2</sup>) paralleled of course by high level approach to Bonnet<sup>5</sup> in Washington.

4) Should approach, if made, be confined for present only to change in status Cochinchina? In this connection, what is best timing?

5) What concessions are judged necessary to give plan fair start?

<sup>1</sup> Woodruff Wallner, recently Associate Chief of the Division of Western European Affairs, was appointed First Secretary of the Embassy in France on July 21; he was on a visit to Paris.

<sup>2</sup> Not printed.

<sup>3</sup> Counselor of the French Embassy.

<sup>4</sup> Robert Schuman, President of the French Council of Ministers (Premier).

<sup>5</sup> Henri Bonnet, French Ambassador.

Dept cognizant of fact that fighting in Indochina has now continued for almost three years; that we believe given present world political and economic conditions, French simply do not have and have no prospect of amassing sufficient strength Indochina reach mil solution; that instead of being element strength to France, Indochina since war, at present, and for foreseeable future, unless situation changes radically, will remain grievously costly enterprise weakening France economically and all west generally in its relations with Oriental peoples.

In our view, continuation of parade puppets such as French have produced over past two years will strengthen hand Ho Chi Minh and may well insure eventual emergence of state probably dominated by communists and almost certainly oriented toward Moscow. It is to avoid such eventuality that we consider it of highest importance that present so-called central government, or in fact any non-communist government, be given every chance to succeed by the granting to it of such concessions as will attract greatest possible number of non-communist elements.

No action contemplated pending your return Washington.

Sent Paris as 2466, repeated Saigon as 108.

MARSHALL

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851g.01/7-648 : Telegram

*The Consul General at Saigon (Abbott) to the Secretary of State*

TOP SECRET

SAIGON, July 6, 1948—5 p. m.

155. Whether or not French Government feels ratification by Assembly Baie d'Along agreement constitutionally necessary, (Deptel 2466, July 3 to Paris) feel that situation here has reached such point of confusion that positive, unequivocal and prompt action in Paris essential. Feel this should include both recognition change in status Cochin China and official acceptance Baie d'Along agreement in form and manner not easily disavowed by future French Government. Local colonialists and anti-Bollaert official circles are arguing that entire present set up is illegal particularly past and present local regimes in Cochin China and implying that compliance with laws of these regimes including tax measures unnecessary. (Messmer <sup>1</sup> privately admits that technically this is true.)

Lack of action in Paris will confirm Vietnam belief that Bollaert has been disavowed and that they have nothing to hope for from Baie d'Along agreement or from any future negotiations. At same time few Viets here blame Bollaert present situation and his statements on

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<sup>1</sup> Pierre Messmer, French Commissioner for north Indochina and formerly director of High Commissioner Bollaert's cabinet.



arrival France made favorable impression. Thus if he wins his fight for acceptance of his plan he should gain prestige invaluable in future negotiations and in implementation period.

Department please pass Paris as Saigon 42.<sup>2</sup>

ABBOTT

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<sup>2</sup> This was done the same day.

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851g.01/7-948 : Telegram

*The Ambassador in France (Caffery) to the Secretary of State*

TOP SECRET

PARIS, July 9, 1948—7 p. m.

3621. From Wallner: ReDeptel 2466, July 3. Officials with whom we have talked in the Foreign Office and Ministry of Colonies recognize (intellectually but without fire) the necessity of immediate and unqualified approval by the French Govt and Assembly of the Baie d'Along agreement, but appear to regard the methods for achieving this an internal political matter between Bollaert and the Schuman Govt. Chauvel<sup>1</sup> seemed most deeply convinced. Imperfect liaison and traditional rivalry between the two shops make common action by the civil servants with the freewheeling high commissariat infrequent and ineffective.

Bollaert is only dynamic element in Indochina picture here. He told us that he not only regarded Assembly debate and approval of his entire policy and of the Baie d'Along agreement essential, but had made it a condition of his return to Indochina. He has demanded action before end of July and is now engaged in trying to persuade the govt to present the matter in one package to the Assembly. He bravely maintains that he will succeed and that the govt will obtain a slim majority. Technically he envisages a full-scale debate on Indochina concluding with the presentation by the govt of an order of the day approving his policy in Indochina in general and the Baie d'Along agreement in particular. This order of the day, he affirms, would have the force of law and would, juridically speaking, annul the treaty of 1862 by which Cochin-China became French territory. This would not mean, however, juridical incorporation of Cochin-China in Indochinese union since French Government is on record as making this conditional upon expression of will of Cochin-Chinese people. No referendum being possible in Cochin-China under present circumstances, territory would be governed by Central Viet Government without legal obstacles mentioned Saigon's 155, July 6 and eventual referendum would actually,

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<sup>1</sup> Jean Chauvel, Secretary General of the French Foreign Office.

if not juridically, before [*be for*] secession from rather than incorporation in Indochinese union.

Thus Bollaert is staking his whole pile on immediate parliamentary approval. He is also staking the Bao Dai solution for the ex-Emperor cannot return if Assembly rejects the Baie d'Along agreement. Asked whether Bao Dai would return if the votes were favorable, Bollaert was mildly optimistic. At lunch with Bollaert today Bao Dai acted part of impassive Asiatic prince clearly playing hard-to-get. Asked point-blank same question, he replied everything depended on circumstances. Undoubtedly he plans extract every ounce advantage from French before agreeing return Indochina which is as necessary to French as it is dangerous for him.

Bollaert said definitely that the technical agreements, which he envisages being negotiated in France in the autumn by French and Viet technical experts, would not require Assembly approval. (Embassy believes such approval may nonetheless be politically if not constitutionally necessary.) He was evasive concerning the scope and detail of these agreements, but asserted that "except for a few points" they would be concluded promptly and without difficulty. There is mystery as to just how far Bollaert and Bao Dai have got in preliminary conversations on this subject. Officials offer contradictory surmises. Messmer told me in Saigon that agreement in principle had been reached on the main points. Foreign and Colonial Ministries here are just as positive that no real understanding exists. Incidentally, Foreign Office is striving for controlling voice in these negotiations and claims to have Bollaert's backing. Thus unable as yet to answer paragraph 5 reference telegram. *Sine qua non* at this juncture is favorable Assembly action.

Turning to arena of practical politics, Schuman Government faced with necessity of presenting several most controversial issues to Assembly before adjournment (in addition to issues mentioned Embtel 3237, June 18 and 3310, June 23<sup>2</sup> questions of military credits and financing of economic subsidies are currently threatening govt) is naturally reluctant to toss in Indochinese dynamite stick. (Cudenet, RGR Assembly chief, likening govt to overloaded ship incapable accommodating one more passenger without capsizing, says "Indochina is that passenger".) Communist, Gaullist and PRL opposition is certain. Possibility Socialist defection not serious despite Congress resolution re negotiation with Ho Chi Minh (Embtel 3560, July 6<sup>3</sup>) parliamentary pattern might well follow that of debate on London German accords with victory for govt at most by tiny margin. Presumably Schuman will not present issue at all unless there is reasonable chance

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<sup>2</sup> Neither printed.

<sup>3</sup> Not printed.

such slim victory, but Bollaert's present determination to force vote or quit places him in now familiar dilemma. He has taken no decision as yet and presumably will not do so before Assembly reconvenes July 15. Debate could hardly occur before week July 19.

Dept may wish instruct Embassy inform Schuman Govt from top level down of US conviction that France is faced with alternatives of unequivocally and promptly approving principle Viet independence within French union and union three *kys* or losing Indochina. While immediate Assembly debate seems only solution, Embassy should be given discretion in applying pressure to avoid charge giving tactical advice on political maneuvers or becoming identified with maneuvers that may imperil govt.

Ambassador concurs.

Sent Dept; Department pass Saigon as Paris 27.<sup>4</sup>

CAFFERY

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<sup>4</sup> This was done the same day.

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851g.01/7-948 : Telegram

*The Secretary of State to the Embassy in France*

TOP SECRET

WASHINGTON, July 14, 1948—7 p. m.

2637. Dept approves line of action recommended last para Embtel 3621 and wishes you proceed immediately to ascertain disposition Schuman Govt toward dealing with Indochina situation before Assembly adjournment. On basis your findings you should apply such persuasion and/or pressure as is best calculated produce desired result. In applying such persuasion and/or pressure you may in your discretion convey to Schuman Govt that once Baie d'Along agreement together with change in status Cochinchina approved, Dept would be disposed consider lending its support to extent publicly approving French Govt's action as forward looking step toward settlement of troubled situation Indochina and toward realization of aspirations Vietnamese people. It appears to Dept that above stated US approval would materially assist in strengthening hands of nationalists as opposed to communists in Indochina. Keep Dept closely informed. Sent Paris as 2637; rptd Saigon as 115.

MARSHALL

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851g.01/7-1548 : Telegram

*The Ambassador in France (Caffery) to the Secretary of State*

TOP SECRET

PARIS, July 15, 1948—10 p. m.

3711. Pursuant to Deptel 2637, July 14, I took up Indochina situation with Chauvel this morning along lines Embtel 3621, July 9. He



expressed keen interest, thought our observations were essentially sound, and was particularly impressed by our offer to make public statement approving French action after they have acted. He thought this would be most helpful. However, he pointed out the real and well known domestic political difficulties.

Sent Department 3711; repeated Saigon 28. (Department please repeat Saigon <sup>1</sup>.)

CAFFERY

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<sup>1</sup> This was done the same day.

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851g.01/7-2148 : Telegram

*The Ambassador in France (Caffery) to the Secretary of State*

SECRET

PARIS, July 21, 1948—7 p. m.

3804. Bollaert informs me that insofar as Indo-china is concerned he is not unhappy over fall of Schuman Government.<sup>1</sup> Faced with numerous domestic difficulties government showed little enthusiasm for assembly debate on Indo-China which might have proved its undoing. Bollaert feels if Schuman Government could not survive it is better that it should have fallen on a domestic issue rather than Indo-China where a vote of nonconfidence, even though obviously motivated by domestic political consideration, would nonetheless have done irreparable damage in Indo-China. New and stronger government, Bollaert feels, will be in better position to obtain debate on policy in Indo-China on basis of its merits. Bollaert maintains that whatever the composition of new government he will insist on assembly debate and approval of Bay of Along agreement and change in status of Cochin-China as condition of his return. He does not consider this condition would be met by "negative approval" such as Coste-Floret maneuver in recent assembly debate on military credits (Mytel 3745, July 17<sup>2</sup>).

When assembly debate comes about Bollaert envisages opposition from Communists and RPF and support from radicals and MRP with Socialists, who will have deciding voice, still undetermined. He is currently campaigning vigorously for their support. Bollaert very appreciative of Department's disposition to make public statement on Indo-China in event of favorable assembly action and expressed hope American press might be influenced to take less jaundiced view of French policy in Indo-China. He is seriously concerned lest Bao Dai hesitate to forego pleasures of Europe and return to Indo-China fol-

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<sup>1</sup> Robert Schuman resigned on July 19 and became Minister for Foreign Affairs in the Cabinet headed by André Marie on July 21.

<sup>2</sup> Not printed.

lowing assembly debate. He flatly asked that we intervene with Bao Dai.

Sent Department 3804; Department pass Saigon as Paris' 33.<sup>3</sup>

CAFFERY

<sup>3</sup> This was done on July 22.

851g.00/7-2848: Telegram

*The Secretary of State to the Embassy in France*

SECRET

WASHINGTON, July 29, 1948—5 p. m.

2891. Embtel 3934.<sup>1</sup> Please ascertain Bollaert's reaction to points made by Marie and Coste-Floret. They appear to be evading central issue of Cochinchina whose status as French Colony cannot be altered except by law of Assembly. Unless this status is definitively altered Baie d'Along agreement is in effect nullified. Saigon's 42 July 6 to Paris <sup>2</sup> pertains.

Sent Paris as 2891; rptd Saigon as 123.

MARSHALL

<sup>1</sup> July 28, not printed.

<sup>2</sup> See telegram 155, p. 30.

851g.00/8-548: Telegram

*The Ambassador in France (Caffery) to the Secretary of State*

SECRET

PARIS, August 5, 1948—8 p. m.

4034. Deptel 2891, July 29. Bollaert is of opinion that President French Union may legally ratify Baie d'Along agreements but that change in status Cochinchina requires Assembly action. He maintains that he will not return to Saigon unless there is an Assembly debate on government's policy in Indochina and approval of Baie d'Along agreements and change in status Cochinchina.

Baeyens, DeLavignette<sup>1</sup> and Moutet<sup>2</sup> share Bollaert's views. All consider that regardless of legal considerations, failure by Assembly to meet issue squarely will have practical effect of arousing such mistrust in Indochina as to nullify completely such progress as has been made.

In last night's session of Assembly, Frederic DuPong (PRL) introduced motion calling for discussion Indochina prior to adjournment

<sup>1</sup> Governor-General Robert Delavignette was head of the political section of the French Ministry of Overseas Territories.

<sup>2</sup> Marius Moutet was French Minister of Overseas Territories from January 26, 1946 to November 24, 1947.

for summer despite request by Ramadier<sup>3</sup> that motion be withdrawn "as it deals with subject too delicate for government to undertake without prudence and without a full review of all aspects of the situation". Motion was carried by narrow vote 288 to 286. Date of debate will be set by conference of presidents.

Sent Department 4034; repeated Saigon 36.

CAFFERY

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<sup>3</sup> Paul Ramadier was President of the French Council of Ministers in 1947.

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851g.01/8-648

*The Consul General at Saigon (Abbott) to the Secretary of State*

RESTRICTED

SAIGON, August 6, 1948.

No. 134

[Received August 13.]

SIR: I have the honor to report that His Majesty Norodom Sihanouk returned to Indochina from his visit to France on June 30. At an informal press conference at the Saigon airport the King stated that he was convinced that the Baie d'Along agreement would shortly be ratified and that this ratification would have an effect on the relations between Cambodia and France. The King explained that President Auriol had assured him that Cambodia would receive the same treatment as the Vietnam and, after the ratification of the Baie d'Along agreement, conferences would take place between representatives of Cambodia and the High Commissioner in Indochina to reconsider certain clauses of the present agreement.

It will be recalled that the relations between Cambodia and France are governed by the *modus vivendi* signed on January 7, 1946, with the annex of July 26, 1946, and the financial convention of May 27, 1946\*. In a conversation with M. Royere, former Diplomatic Councilor to the High Commissioner, on June 7, 1948, he said that the negotiation of a permanent treaty to replace the *modus vivendi* of January 7, 1946, had been delayed until a settlement of the Vietnam problem could be reached because naturally Cambodia would be granted any concessions made to the future Vietnam state.

In the *Echo du Vietnam* of August 2, 1948, Nguyen Bhan Long, influential Vietnamese journalist, in a bitter, sarcastic article commented on the King of Cambodia's announcement. Long stated that since the general French policy is to treat their dependent peoples as school children, President Auriol's promise would seem to be out of

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\*For texts see *Notes Documentaires et Etudes*, No. 554 (Série France d'Outre-Mer-XX3 of February 22, 1947, published by Services Français d'Information (Ministère de la Jeunesse, des Arts et des Lettres, 14-16, rue Lord-Byron, Paris (8e)). [Footnote in the original.]



line with usual school practice. The normal thing is to reward the good children and to punish the bad ones. Since the Cambodians have since the war been held up as an example of good children and the Vietnamese as the opposite, the Cambodians should get more than the Vietnamese rather than only the same. Long then sarcastically suggests that the Cambodians be given complete independence while the Vietnamese be given an imitation entitled "Independence Within the French Union." The Cambodians could also be rewarded by giving them certain Cochinchinese provinces which they claim or even all of Cochinchina as an ancient Cambodian province. (There has recently been some extremely bitter comment in the local Vietnam press regarding Cambodian irredentism, indicating that the old Annamite imperialism is by no means dead.)

Long closes his article in a pessimistic vein, feeling that there is little chance of the present French Government ratifying the Baie d'Along agreement in the near future since Prime Minister Marie is faced with serious internal and international problems which make its future uncertain. Moreover, with the prospects of a new atomic war, it is perhaps lucky for Indochina that she is an obscure pawn which may hope to be forgotten in the coming destruction.

Respectfully yours,

GEORGE M. ABBOTT

851g.01/8-1948

*The Consul General at Saigon (Abbott) to the Secretary of State*

RESTRICTED

SAIGON, August 19, 1948.

No. 144

[Received August 27.]

SIR: I have the honor to refer to my Despatch 134 of August 6, 1948, and to report that H. E. Tion Long, (until recently Cambodian delegate to the High Commissioner and now named Cambodian representative on the High Council of the French Union) before leaving for Paris expressed to the press his views on the future of French-Cambodian relations.

Tion Long pointed out that the *modus vivendi* of January 6 [?], 1946, is only a working agreement without any status in international law and must be replaced by a permanent definitive agreement. This agreement, according to the delegate, should provide for complete internal sovereignty with only one government, one administration, and one justice. However, special privileges might be reserved for French Nationals, and French technicians would be detached for service with the Cambodian Government. The army, he continued, would have as its task the defense of the national territory and would form

together with the armies of the other French Union, "the great army of the French Union".

Regarding external affairs, Tion Long continued, "In view of its position as a member of the French Union, Cambodia should naturally harmonize its policy with that of the Union and be assisted by France in its ordinary foreign relations, but it should not give up all its external sovereignty and thus deprive itself of its legitimate right to discuss, reject, or ratify future agreements which might affect its vital interests and perhaps, as has already happened several times, limit its internal sovereignty". As an example he referred to the agreements with Siam regarding the return of Cambodian territory.

The above statement is further evidence that France will not be able to delay much longer in taking up the settlement of French-Cambodian relations.

Respectfully yours,

GEORGE M. ABBOTT

851g.00/8-2448 : Telegram

*The Secretary of State to the Consulate General at Saigon*

SECRET

WASHINGTON, August 27, 1948—7 p. m.

136. Bollaert's position as expressed in Paris tel 4384 Aug 24 to Dept<sup>1</sup> (rpt Saigon as 48) unclear. Dept notes (pgh 7) Bollaert believes as "it becomes apparent that Bao Dai has been able to achieve more by negotiations than Ho has or will be able to achieve by force of arms' there will be increasing tendency in ranks of non-Communist elements of Viet Minh to switch over." It not clear how Bao Dai can show he has gained more from France by negotiation than Ho has or will gain by force arms when French not prepared to make any "irrevocable commitments" (pgh 6) to Bao Dai or any provisional govt of which he may form part as High Commissioner states (pgh 5) that such govt will remain provisional until peace restored sufficiently to permit popular referendum on permanent form govt.

Abbott might see Bollaert (who reportedly left Paris Aug 26 for Saigon) and attempt clarify ambiguities his statement to Embassy. At that time, you may wish point out that it difficult see how course action he proposes will in absence firm commitments by France dispel Vietnamese distrust of French, split off adherents of Ho, or materially reduce hostilities.

Sent Saigon as 136; repeated Paris as Airgram.

MARSHALL

<sup>1</sup> Not printed.

851g.00/8-2848 : Telegram

*The Consul General at Saigon (Abbott) to the Secretary of State*

SECRET URGENT

SAIGON, August 28, 1948—noon.

188. Believe Bollaert's views (Paris telegram 48, August 26 to Saigon<sup>1</sup> relayed by Department) constitute in certain respects dangerous misconception present political situation Indochina.

1. Handling of situation by Marie considered in no way satisfactory by Vietnam leaders or French officials such as Messmer and Perrier<sup>2</sup> who are in close touch with local developments. Failure of Assembly to act has greatly strengthened opponents of Baie d'Along Agreement both on right and left and discouraged and weakened its supporters.

2. Military situation has deteriorated considerably in last 2 months and exultant and confident tone can be detected even in closely censored Saigon native press. Certain sources believe real danger exists of defection to Viet Minh of Hoa Hao, Caodaist and other troops now nominally on French side. Cambodian Government agitating for return of Cambodian units fighting in Cochin China.

3. Announcement that Bollaert will not seek re-appointment and will return for only brief period interpreted here as further indication repudiation his policy and aroused speculation re person and policy his successor.

4. Postponement of negotiation of auxiliary agreements until peace is restored and referendum can be held is completely impractical, hence only chance of restoring peace depends on conclusion and ratification of agreements which will satisfy aspirations of majority of non-Communist nationalists in Viet Minh camp.

5. Believe return of Bao Dai with nothing to offer but vague hopes of future concessions would have little effect on local situation and feel we would only give credence to Communist propaganda that Bao Dai is American tool by any pressure on him at this time. Our influence should be held in reserve until French make "irrevocable commitments" which appear sufficiently far-reaching to give a Bao Dai government an even chance of success.

In conclusion, I feel situation has reached critical stage and only prompt and decisive action by French can save what chance remains of success of French plans as outlined in ConGentel 150, June 30.<sup>3</sup> Immediate opening of formal negotiations regarding subjects reserved in Baie d'Along Agreement would appear to be minimum requirement.<sup>4</sup>

<sup>1</sup> See telegram 136, *supra*.

<sup>2</sup> Chief of security police in Indochina.

<sup>3</sup> Not printed.

<sup>4</sup> Premier Marie and his cabinet resigned on August 28, and a new government was formed September 12 by Premier Henri Queuille, with ex-Premier Schuman as Minister for Foreign Affairs and ex-Premier Ramadier as Minister of National Defense.



Department please pass Paris as Saigon's 50.<sup>5</sup>

ABBOTT

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<sup>5</sup> This was done the same day.

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851g.00/8-2848 : Telegram

*The Secretary of State to the Embassy in France*<sup>1</sup>

SECRET

WASHINGTON, August 30, 1948—6 p. m.

3368. Dept concurs views Saigon's 188 Aug 28 similar those Deptel 136 Aug 27 Saigon (rptd Paris as agam). Dept appreciates difficulties facing any French Govt taking decisive action vis-à-vis Indochina but can only see steadily deteriorating situation unless more positive approval Baie d'Along Agreement, enactment legislation or action permitting change Cochinchina status, and immediate commencement formal negotiations envisaged that Agreement. Dept believes nothing should be left undone which will strengthen truly nationalist group Indochina and induce present supporters Viet Minh come to side that group. No such inducement possible unless that group can show concrete evidence French prepared implement promptly creation Vietnam as free state associated French Union and with all attributes free state. When you deem appropriate point out to French Govt Dept's views regarding Indochina and repeat Dept's readiness publicly approve French Govt action along above lines which will assist bringing about solution Indochina problem. In foregoing connection you might refer substance second para Deptel 3331 Aug. 26.<sup>2</sup>

MARSHALL

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<sup>1</sup> Repeated as telegram 137 to Saigon.

<sup>2</sup> Not printed.

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851g.01/9-148

*Memorandum of Conversation, by the Chief of the Division of Southeast Asian Affairs (Reed)*

CONFIDENTIAL

[WASHINGTON,] September 1, 1948.

Mr. Daridan discussed at length the present situation in Indochina which he stated appeared to be deteriorating rapidly. He conceded that much of the difficulty in arriving at a solution of the Indochinese problem lay in France, owing to (1) the weakness of the successive French governments and (2) the fact that over-all direction of Indochina was in the hands of the Ministry of Overseas Affairs rather than in the more qualified hands of the Ministry of Foreign Affairs. In this con-

nection he submitted that in his opinion the first step towards solving the Indochinese problem should be the transfer of Indochinese affairs from the former to the latter Ministry, and he added that anything this Government could do, informally or otherwise, to induce such a transfer would be of highest value in bringing about the desired solution. He said that he was sure that if a person such as Naggiar<sup>1</sup> was appointed as High Commissioner and had the assistance of twenty qualified Foreign Office officials, Indochina would soon cease to be a problem, and he stressed that most of the present officials in Indochina, citing Messmer and others by name, had not only failed to contribute to the solution but had actively aggravated the situation.

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<sup>1</sup> Paul-Émile Naggiar, former French Ambassador in China and in the Soviet Union.

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851g.00/9-748 : Telegram

*The Consul General at Saigon (Abbott) to the Secretary of State*<sup>1</sup>

SECRET

SAIGON, September 7, 1948—4 p. m.

194. Deptel 136, August 27. In long talk with Bollaert today (in presence diplomatic counselor De Pereyra which restricted conversation both sides) gained impression his confidence somewhat shaken by unfavorable reception (apparently unforeseen by him) Marie statement and Assembly debate.

He continues insist Assembly "approval" Baie d'Along protocol gives him full authority rapid implementation even in Cochinchina but gave no details action contemplated and indicated prompt return Bao Dai essential to success. He said negotiations supplementary agreements could begin immediately Bao headed provisional government, but French could not negotiate with individual with no official position or mandate. Expressed indignation at my suggestion that mere hope for future concessions on reserved points might not be sufficient to win support non-Communist nationalists for Bao Dai. Claimed mere fact Emperor's return would indicate latter satisfied with Bollaert's promises. He refused to admit impracticability postponement of formal agreements and ratification thereof by French Assembly until after referenda and formation constitutional government.

He indicated his future plans depended on Bao Dai's decision Prake [and?] would stay if Emperor returned (and if he were asked). In latter connection Pham Van Binh, private secretary Bao Dai, recently arrived Saigon, informed press here "Emperor determined not return

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<sup>1</sup> Repeated in telegram 3496, September 8, 6 p.m., to Paris.

before definitive settlement of all outstanding questions—there remains to decide precisely meaning word independence. Still undecided if agreements will be negotiated Saigon or Paris.”

Bollaert first informed me talks must be here, later admitted possibility negotiations Paris. Emphasized difficulty delay negotiating with Orientals.

Presence Saigon all provisional commissioners, other high French officials, and scheduled meeting Xuan Cabinet interpreted as presaging important developments before end week.

ABBOTT

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851g.01/9-948: Airgram

*The Consul General at Saigon (Abbott) to the Secretary of State*

SAIGON, September 9, 1948.

[Received September 22—9:09 a. m.]

A-76. With reference to my telegram No. 194 of September 7, 1948. A meeting of the Ministers of the Provisional Central Vietnam Government held in Saigon on September 7, 1948, was attended by M. Pham Van Binh, private secretary to ex-Emperor Bao Dai. According to AFP, Binh, who has recently arrived from Paris, informed the ministers of the directives of Bao Dai. He also revealed that in the course of the recent conversations with High Commissioner Bollaert at St. Germain en Laye, the Emperor informed him:

“I wish to return to the Vietnam as rapidly as possible. The fact that I have agreed to negotiate with France shows clearly that I wish to take effective part in the affairs of Vietnam. I will return at the proper time and only when the unity and independence of the Vietnam has been realized in a concrete manner by a treaty the clauses of which define in a precise manner the relations between France and the Vietnam and the nature of the independence of our country within the French Union. That is why I wish to return as soon as possible.”\*

The article adds that M. Binh stated that the political climate in France was increasingly encouraging regarding Vietnam problem and that most parties realize the necessity of granting unity and independence if peace is to return.

ABBOTT

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\*Quotes are present in AFP despatch. [Footnote in the original.]



890.00B/9-2248 : Telegram

*The Acting Secretary of State to the Consulate General at Saigon*

WASHINGTON, September 22, 1948—6. p. m.

149. Text statement Dept spokesman Sept 16 response pertinent questions[:] "Dept has watched closely rapid increase of Communist activity which has taken place in southeast Asia since early this year and has naturally taken this development into consideration in determining its course of action. Results of these activities in Burma, Malaya, Indochina and Indonesia have been reported by press as they occurred from time to time and need not be reviewed. However, little attention has been directed toward one major stratagem employed by Communists in dependent areas of southeast Asia. To win support and allies in their drive for power, Communist leaders have consistently pretended to champion cause of local nationalists and have attempted to identify communism with nationalism in minds of people of area. This scheme worked well, at least until Cominform's denunciation of Yugoslav Communist leaders as being, among other things, guilty of nationalism. There is some evidence that sincere nationalist leaders in southeast Asia, originally deceived by this device, have now awakened to fact that, in Communist controlled states outside Soviet Union, nationalism to which they aspire is regarded as a high crime and grounds for ruthless interference in internal affairs of such states by international Communist organizations."

Sent Saigon<sup>1</sup>; rptd Hanoi, Singapore.<sup>2</sup>

LOVETT

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<sup>1</sup> As 149.<sup>2</sup> As 45 and 151.

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Executive Secretariat Files, Lot 57 D-649*Department of State Policy Statement on Indochina,  
September 27, 1948*

SECRET

## INDOCHINA

## A. OBJECTIVES

The immediate objective of US policy in Indochina is to assist in a solution of the present impasse which will be mutually satisfactory to the French and the Vietnamese peoples, which will result in the termination of the present hostilities, and which will be within the framework of US security.

Our long-term objectives are: (1) to eliminate so far as possible Communist influence in Indochina and to see installed a self-governing nationalist state which will be friendly to the US and which, commensurate with the capacity of the peoples involved, will be patterned

upon our conception of a democratic state as opposed to the totalitarian state which would evolve inevitably from Communist domination; (2) to foster the association of the peoples of Indochina with the western powers, particularly with France with whose customs, language and laws they are familiar, to the end that those peoples will prefer freely to cooperate with the western powers culturally, economically and politically; (3) to raise the standard of living so that the peoples of Indochina will be less receptive to totalitarian influences and will have an incentive to work productively and thus contribute to a better balanced world economy; and (4) to prevent undue Chinese penetration and subsequent influence in Indochina so that the peoples of Indochina will not be hampered in their natural developments by the pressure of an alien people and alien interests.

#### B. POLICY ISSUES

To attain our immediate objective, we should continue to press the French to accommodate the basic aspirations of the Vietnamese: (1) unity of Cochinchina, Annam, and Tonkin, (2) complete internal autonomy, and (3) the right to choose freely regarding participation in the French Union. We have recognized French sovereignty over Indochina but have maintained that such recognition does not imply any commitment on our part to assist France to exert its authority over the Indochinese peoples. Since V-J day, the majority people of the area, the Vietnamese, have stubbornly resisted the reestablishment of French authority, a struggle in which we have tried to maintain insofar as possible a position of non-support of either party.

While the nationalist movement in Vietnam (Cochinchina, Annam, and Tonkin) is strong, and though the great majority of the Vietnamese are not fundamentally Communist, the most active element in the resistance of the local peoples to the French has been a Communist group headed by Ho Chi Minh. This group has successfully extended its influence to include practically all armed forces now fighting the French, thus in effect capturing control of the nationalist movement.

The French on two occasions during 1946 attempted to resolve the problem by negotiation with the government established and dominated by Ho Chi Minh. The general agreements reached were not, however, successfully implemented and widescale fighting subsequently broke out. Since early in 1947, the French have employed about 115,000 troops in Indochina, with little result, since the countryside except in Laos and Cambodia remains under the firm control of the Ho Chi Minh government. A series of French-established puppet governments have tended to enhance the prestige of Ho's government and to call into question, on the part of the Vietnamese, the sincerity of French intentions to accord an independent status to Vietnam.

### 1. *Political*

We have regarded these hostilities in a colonial area as detrimental not only to our own long-term interests which require as a minimum a stable Southeast Asia but also detrimental to the interests of France, since the hatred engendered by continuing hostilities may render impossible peaceful collaboration and cooperation of the French and the Vietnamese peoples. This hatred of the Vietnamese people toward the French is keeping alive anti-western feeling among oriental peoples, to the advantage of the USSR and the detriment of the US.

We have not urged the French to negotiate with Ho Chi Minh, even though he probably is now supported by a considerable majority of the Vietnamese people, because of his record as a Communist and the Communist background of many of the influential figures in and about his government.

Postwar French governments have never understood, or have chosen to underestimate, the strength of the nationalist movement with which they must deal in Indochina. It remains possible that the nationalist movement can be subverted from Communist control but this will require granting to a non-Communist group of nationalists at least the same concessions demanded by Ho Chi Minh. The failure of French governments to deal successfully with the Indochinese question has been due, in large measure, to the overwhelming internal issues facing France and the French Union, and to foreign policy considerations in Europe. These factors have combined with the slim parliamentary majorities of postwar governments in France to militate against the bold moves necessary to divert allegiance of the Vietnamese nationalists to non-Communist leadership.

In accord with our policy of regarding with favor the efforts of dependent peoples to attain their legitimate political aspirations, we have been anxious to see the French accord to the Vietnamese the largest possible degree of political and economic independence consistent with legitimate French interests. We have therefore declined to permit the export to the French in Indochina of arms and munitions for the prosecution of the war against the Vietnamese. This policy has been limited in its effect as we have allowed the free export of arms to France, such exports thereby being available for re-shipment to Indochina or for releasing stocks from reserves to be forwarded to Indochina.

### 2. *Economic*

Indochina's trade with the United States before the war was relatively small as the greater part of its commerce was carried on with France and the French Empire duty free. Indochina now enjoys a limited customs autonomy, and the US should be able to compete more successfully with France.



American investment in Indochina has also been of minor importance in part at least because there has been no treaty basis for the protection of American interests there as activities in certain business lines are prohibited or can be conducted only with the consent of the French authorities.

Should a political solution satisfactory to the French and the Vietnamese be reached leading to the establishment of peaceful conditions within the area, the US should endeavor to have the General Agreement on Tariffs and Trade made effective in Indochina and to make an arrangement which would afford protection for American enterprise there. The increased trade and investment in Indochina which might result from these measures would tend to raise the level of economic activity and standard of living.

We do not wish to press for these matters, nor to develop a long-term financial or economic policy in the area, until such time as a political solution, such as may terminate in large measure the present hostilities, has been achieved.

With respect to the important question of whether ECA assistance should be extended to the area, we have informed the French that because reconstruction and development of Indochina is impossible under the present conditions of warfare which pertain there, no direct ECA financing for Indochina will be forthcoming at present although French requirements will be readjusted accordingly. We have indicated informally our willingness to reconsider the question should conditions change.

As regards French claims for Japanese reparations on behalf of Indochina, we have taken the position in the Far Eastern Commission (FEC) that France should receive two percent of the total amount of reparations which may be determined to be available. While most FEC countries feel that the proposed share is too large, in view of the French wartime performance in Indochina, we have indicated a willingness to allow the French an additional one half of one percent. France presumably would also be eligible for a prorata share (or a portion to be determined by negotiation) of the 18 of our 28 percent of total reparations which we have proposed to make available to such FEC countries as accept our schedule for reparations distribution. This question remains unsettled. We have not allowed the French a portion of the advance transfers within the interim reparations program.

We have under consideration a French claim to gold valued at 37.5 million dollars earmarked for Japan in Indochina. The gold represents the settlement of certain trade balances between Indochina and Japan and of Japanese local currency requirements during the period August 1940 to March 9, 1945. Since the earmarking of the gold transferred title to Indochina and since there are no general considerations

of equity or public policy of a sufficiently compelling nature to justify withholding recognition of title thus transferred, the tentative position of the Department is that SCAP deliver the gold to Indochina unless an early FEC policy decision precludes such action.

#### C. RELATIONS WITH OTHER STATES

The French, whose policy since the Japanese surrender has been a failure with regard to the Vietnamese, have made some progress in normalizing their relations with Cambodia and Laos. Both these Indochinese protectorates have now been formally admitted as "associated" states to the French Union. The peoples of both these protectorates have been allowed some degree of autonomy, which apparently satisfies them for the present. Unquestionably, however, the current *modi vivendi* will be altered by any French settlement with the Vietnamese which gives the latter more autonomy than now possessed by the Laotians and Cambodians.

The most recent French attempt to resolve the question resulted in the June 5 Baie d'Along Agreement between the French High Commissioner of Indochina and General Nguyen Van Xuan, head of the Provisional Central Government of Vietnam, and countersigned by the former Emperor of Annam, Bao Dai. In this agreement, France recognizes the independence of Vietnam, whose responsibility it will be to unite the three Vietnamese provinces of Indochina, with only such limits as are imposed by its membership in the French Union to which it freely declares its adherence. Further negotiations to fix relationships of France and Vietnam are provided by the agreement which must now be ratified by the French Assembly, particularly as it relates to a change in the status of Cochinchina, now a French colony, to permit its union with Annam and Tonkin.

As regards international conferences, the US, as it recognizes French sovereignty over Indochina, has upheld the right of France as a metropolitan power to submit the applications for associate membership in ECAFE of its dependent areas in Indochina.

French relations with the Siamese Government have improved since the November coup d'etat of Field Marshal Phibun. Phibun apparently has given assurances to the French that he has accepted the solution of the recent Siamese-Indochinese border dispute. He has furthermore taken limited measures designed to reduce the activity of Indochinese elements in Siam hostile to the French.

Chinese relations with Indochina, based upon a 1946 treaty which confers substantial benefits upon the Chinese in the peninsula, are largely determined by the needs and interests of the commercially and economically powerful Chinese overseas community in Indochina, numbering almost one million. On the surface, Chinese official rela-

tions with the French officials have been correct although signs of tension develop from time to time. The Chinese have pressed the French to indemnify Chinese who have suffered property loss in Indochina's fighting. The Kuomintang has striven to maintain a tight control over the Chinese community through consular representation, while the French have endeavored to reestablish the situation of pre-war years wherein the French authorities successfully maintained a degree of control over Chinese within Indochina.

The Chinese, however, have also tried to protect the several hundred thousands of their fellowmen who live in territory not under French control. There have been contacts between Ho's agents and Chinese government officials which apparently resulted in Chinese tolerance of a munitions traffic from China to the benefit of the Ho government. French efforts to enlist Chinese support in Kwangsi and Kwangtung to suppress Chinese bandit and Communist bands which cross the Indochinese border have not been successful despite an agreement in principle.

An increasing Soviet interest in Indochina, as demonstrated by a step-up in radio broadcasts, was evidenced in the first half of 1948. The line taken by these broadcasts has been constantly to discredit the United States by attempting to identify it with "imperialistic France." There continues to be no known communication between the USSR and Vietnam, although evidence is accumulating that a radio liaison may have been established through the Tass agency in Shanghai.

#### D. POLICY EVALUATION

The objectives of US policy towards Indochina have not been realized. Three years after the termination of war a friendly ally, France, is fighting a desperate and apparently losing struggle in Indochina. The economic drain of this warfare on French recovery, while difficult to estimate, is unquestionably large. The Communist control in the nationalist movement has been increased during this period. US influence in Indochina and Southeast Asia has suffered as a result.

The objectives of US policy can only be attained by such French action as will satisfy the nationalist aspirations of the peoples of Indochina. We have repeatedly pointed out to the French the desirability of their giving such satisfaction and thus terminating the present open conflict. Our greatest difficulty in talking with the French and in stressing what should and what should not be done has been our inability to suggest any practicable solution of the Indochina problem, as we are all too well aware of the unpleasant fact that Communist Ho Chi Minh is the strongest and perhaps the ablest figure in Indochina and that any suggested solution which excludes him is an expedient of uncertain outcome. We are naturally hesitant to press the French too



strongly or to become deeply involved so long as we are not in a position to suggest a solution or until we are prepared to accept the onus of intervention. The above considerations are further complicated by the fact that we have an immediate interest in maintaining in power a friendly French government, to assist in the furtherance of our aims in Europe. This immediate and vital interest has in consequence taken precedence over active steps looking toward the realization of our objectives in Indochina.

We are prepared, however, to support the French in every way possible in the establishment of a truly nationalist government in Indochina which, by giving satisfaction to the aspirations of the peoples of Indochina, will serve as a rallying point for the nationalists and will weaken the Communist elements. By such support and by active participation in a peaceful and constructive solution in Indochina we stand to regain influence and prestige.

Some solution must be found which will strike a balance between the aspirations of the peoples of Indochina and the interests of the French. Solution by French military reconquest of Indochina is not desirable. Neither would the complete withdrawal of the French from Indochina effect a solution. The first alternative would delay indefinitely the attainment of our objectives, as we would share inevitably in the hatred engendered by an attempted military reconquest and the denial of aspirations for self-government. The second solution would be equally unfortunate as in all likelihood Indochina would then be taken over by the militant Communist group. At best, there might follow a transition period, marked by chaos and terroristic activities, creating a political vacuum into which the Chinese inevitably would be drawn or would push. The absence of stabilization in China will continue to have an important influence upon the objective of a permanent and peaceable solution in Indochina.

We have not been particularly successful in our information and education program in orienting the Vietnamese toward the western democracies and the US. The program has been hampered by the failure of the French to understand that such informational activities as we conduct in Indochina are not inimical to their own long-term interests and by administrative and financial considerations which have prevented the development to the maximum extent of contacts with the Vietnamese. An increased effort should be made to explain democratic institutions, especially American institutions and American policy, to the Indochinese by direct personal contact, by the distribution of information about the US, and the encouraging of educational exchange.

851g.01/9-2948

*The Consul General at Saigon (Abbott) to the Secretary of State*

RESTRICTED

SAIGON, September 29, 1948.

No. 172

[Received October 21.]

SIR: With reference to my despatches No. 134 of August 6 and No. 144 of August 19, 1948, I have the honor to report that High Commissioner Bollaert visited Phnom Penh on September 26 to take leave of the King and the Cambodian Government. Certain interesting remarks were buried in the flood of oratory which marked the day's ceremonies.

In his speech at the reception given for him by the Cambodian Cabinet, M. Bollaert paid tribute to Cambodia as the first member of the French Union. He admitted that the Union is still in the process of development but foresaw a great future for it as a new conception in history of the relations between associated states. The High Commissioner repeated the promise that Cambodia would receive the same status as the Vietnam and gave assurance that the necessary measures were being taken to put down the disturbances now prevailing in many sections of the country.

In his reply, outspoken Premier Penn Nouth expressed his gratitude to M. Bollaert for all he had done for Cambodia during his term of office and regretted particularly that the High Commissioner was leaving just at the moment when certain projects were about to be realized. The Premier also praised highly the former Commissioner of the Republic, M. Pignon.

Penn Nouth expressed the hope that through its membership in the French Union, Cambodia would be able to retain the status of a modern state enjoying full and entire internal sovereignty. He referred to the state of insecurity within the Kingdom and expressed the hope that this situation would be promptly corrected.

There has been a continuation of the anti-Cambodia propaganda in the Saigon native press, referred to in my despatch No. 134 of August 6, and this has become particularly sharp in recent days following the announcement of new measures requiring permits for Annamites wishing to enter Cambodia. The most violent outburst was in the Saigon daily *Vietnam* of September 23. This paper pointed out that the Vietnam is by far the most important state in Indochina and controls the access of Cambodia and Laos to the sea. Thus, it is to the interests of the latter states to maintain good relations with the Vietnam. Nevertheless, for unknown reasons, Cambodia continues to seek trouble with the Vietnam and mistreat the latter's nationals in Cambodia. "If the day comes when trouble breaks out between the Viets and Cambodians and force is necessary to solve it, who will bear the responsibility?"

There would thus appear to be some substance to the French argument that their presence in Indochina is necessary to protect Cambodia from renewed Annamite aggression.

Respectfully yours,

GEORGE M. ABBOTT

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851g.01/10-248

*The Consul at Hanoi (Gibson) to the Secretary of State*

CONFIDENTIAL

No. 58

HANOI, October 2, 1948.

[Received October 20.]

SIR: I have the honor to refer to the Consulate's telegrams numbers 123 June 5, 12 noon, 133 June 10, 5 p. m., 143 July 1, 3 p. m. and to the Consulate's despatches numbers 33 June 11 and 36 July 3, 1948<sup>1</sup> concerning the reestablishment of Chinese Congregations in Indo-China and to report that an agreement concerning the matter was reached in Paris by the French and Chinese Governments on August 19, 1948. Mr. Schuman signed for France and the Chinese Ambassador in Paris, Mr. Tsien Tai, for China.

The four main points of the agreement are as follows:

(1) The name "Congregation" is replaced by the term "Regional Chinese Administrative Group."

(2) An electoral system for the selection of Chiefs and Deputy Chiefs of Regional Chinese Administrative Groups is established.

(3) All Chinese may unite in every town or province under the common authority of a "President" of "Joined Chinese Administrative Groups" who will administer the entire Chinese community with the help of a Council made up of Chiefs and Deputy Chiefs from each individual group.

(4) Chinese citizens sent to Indo-China by the Chinese Government such as officials of the Bank of China, the Chinese National Railways, et cetera, will be allowed but not required to serve as Presidents, Chiefs or Deputy Chiefs. A list of such persons in Indo-China will be furnished the French authorities from time to time by the Chinese Government.

In order to carry out point (2), the French authorities in Indo-China will draw up a list of candidates for the positions of Chief and Deputy Chief of each Regional Chinese Administrative Group. That is, in Hanoi, there will be a "Group" for the Chinese from Canton province and one for the Chinese from Foukien province. The list, prior to the actual vote by the Chinese community, has to be approved by the Chinese Consul in the district who has the power to delete names that do not meet with his approval. Furthermore, the Chinese Consul may request the French authorities to remove a Chief or Deputy Chief if, after his election, he does not properly fulfill his duties.

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<sup>1</sup> None printed.



In part (3) above, the President of Joined Chinese Administrative Groups is appointed to his position by the Chiefs of Regional Chinese Administrative Groups. As an example, in Hanoi, there will be a Regional Administrative Group composed of Chinese from Canton province and a Group composed of Chinese from Foukien province. Each Group will have a Chief and Deputy Chief elected according to the procedure outlined in paragraph (2) of the agreement. The two Chiefs will then appoint a President who will be the head of all the Chinese in Hanoi and known as the President of the Joined Chinese Administrative Groups.

Respectfully yours,

WILLIAM M. GIBSON

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851g.00/11-148 : Telegram

*The Ambassador in France (Caffery) to the Secretary of State*

SECRET

PARIS, November 1, 1948—4 p. m.

5657. Pignon<sup>1</sup> informs us that conversations currently in progress with Bao Dai are not attempting to deal with technical details of solution Indo-China but are endeavoring to reach agreement on general principles which in future will govern Franco-Vietnam relations. He feels steady if not spectacular progress being made and if political situation in France does not deteriorate badly there is reasonable hope for successful outcome.

He does not know Bao Dai's plans for returning Indo-China but thinks that if he does return it will be more from a "sense of duty" than for reasons personal power and prestige. He says Bao Dai has assured following at Hue and vicinity and "thousands but not millions" of adherents throughout Vietnam. While real extent his support cannot be determined until his return Pignon feels that given "enough in hand" Bao Dai could obtain popular support and over a period of time wean away large number of non-Communist nationals in ranks of Vietnam.

As to what constitutes "enough in hand" Pignon of opinion that this is not so much a question of a detailed formal treaty but rather an agreement in principle backed by full confidence on both sides in honest implementation. From Bao Dai's point of view situation has improved recently by clear elimination possibility Communist participation in French Government and by resolution on Indo-China recently approved by National Council of RPF. While latter leaves much to be desired it is in general agreement with solution now being

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<sup>1</sup> Léon Pignon succeeded Émile Bollaert as French High Commissioner in Indo-China on October 20 and arrived at Saigon on November 18.

sought, permits hesitant UDSR and radicals to support government policy and largely eliminates threat of Gaullist government renouncing solution reached by present government. On other hand there remains for the French old problem Bao Dai's ability to form government composed of truly nationalist personalities attracting popular support and capable and determined to govern.

While time element important and French seriously concerned lest further deterioration of situation in China make a solution in Indo-China doubtful if not impossible, Pignon considers it would be a disastrous tactical mistake to present Bao Dai with a time ultimatum. He feels however that Bao Dai well aware that if he is to return he cannot indefinitely postpone his decision.

Pignon states French have been aware for some months that Vietminh facing difficulties arising from differences of opinion in government, concern over continued existence and even stirrings of life in Xuan government and, most important, definite signs of disaffection in ranks of Vietminh troops who are beginning to become aware of possibility that Bao Dai may be able to achieve more towards realization their nationalist aspirations than Ho.

Pignon considers recent rumors of Ho stepping down and revamping his government (Embtel 5465, October 19<sup>2</sup>) a trial balloon to feel out reaction in France and Indo-China. Same holds true of Danh press conference (Embassy airgram 1222, October 29<sup>2</sup>) which also intended to remind Socialists "who have been a little forgetful" of their advocacy of negotiations with Ho.

Regarding formal ratification Bay of Along agreements, Pignon of opinion that time is not ripe. He is convinced that if government can go to Assembly with a definite policy for Indo-China and with an agreement with Bao Dai there will be little difficulty in obtaining a positive approval by Assembly of Bay of Along agreement and enactment of legislation (such as change status Cochinchina) necessary for implementation agreement with Bao Dai. He does not foresee possibility of government voluntarily agreeing to Assembly debate on Indo-China under any other circumstances.

Department pass Saigon.<sup>3</sup>

CAFFERY

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<sup>2</sup> Not printed.

<sup>3</sup> This was done the same day.

761.00/11-548

*The Consul General at Saigon (Abbott) to the Secretary of State*

SECRET

SAIGON, November 5, 1948.

No. 195

[Received November 23.]

SIR: I have the honor to refer to the Department's secret circular instruction of October 13, 1948,<sup>1</sup> entitled "Pattern of Soviet Policy in Far East and Southeast Asia" and to submit certain comments, as requested by the Department.

Soviet policy in Indochina appears to follow in general the lines described in the final section of the instruction under acknowledgment but with certain minor variation. In general it may be said that Indochina presents an ideal picture from the point of view of Moscow. A small group of Moscow and Chinese trained Communists has firm control of the strong and deep seated native Nationalism. A native government under Communist direction controls considerable areas of the country and maintains an army sufficiently strong to pin down large French forces. The country has been kept in turmoil since the end of the war, making it a serious drain on the military and economic resources of France instead of a source of wealth. From the point of view of Moscow, prospects are excellent that Ho Chi Minh will eventually force the withdrawal of the French and set up the first "New Democratic Republic" in Southeast Asia. At the same time Communist control has been concealed and identified with Nationalism so successfully as to confuse and delude public opinion in France and the United States and thus gain the support of large Socialist and liberal groups in those countries.

In recent months particular emphasis has been placed on economic sabotage. This has included burning of rice mills and rubber warehouses in Saigon, and attacks on communications of all types, including railroads, road convoys and barge transport. This has been so successful that the movement of paddy and rice to Saigon-Cholon has practically ceased in recent weeks. Curiously enough there have been no serious attacks on the particularly vulnerable petroleum depots in Saigon and Haiphong nor have the larger rubber plantations been seriously disturbed.

The Communist led Vietminh has not yet adopted the violent anti-American line followed by most Communist parties throughout the world, although there are many indications that this is only on the surface and that the standard anti-American line is being distributed in directives to party leaders. No evidence has yet turned up that

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<sup>1</sup> The circular instruction under reference here is included in the documentation on U.S. national security policy presented in volume I.



Ho Chi Minh is receiving current directives either from Moscow, China, or the Soviet Legation in Bangkok. It may be assumed that Moscow feels that Ho and his lieutenants have had sufficient training and experience and are sufficiently loyal to be trusted to determine their day-to-day policy without supervision.

Another factor peculiar to Indochina is the apparent quiescence of Communist elements among the resident Chinese colony. Not only are these believed by the Sureté to be relatively few in number, but any plans they may have had to emulate their comrades in Malaya have undoubtedly been hampered by the Sureté which has been quietly rounding up and deporting their leaders for several months. It may also be that Moscow feels that anti-Chinese feeling is so strong in the Vietnam that active cooperation of Chinese Communists with the Viet-minh would furnish too valuable a propaganda weapon to the French.

Respectfully yours,

GEORGE M. ABBOTT

851g.01/12-2348

*The Consul General at Saigon (Abbott) to the Secretary of State*

CONFIDENTIAL

SAIGON, December 23, 1948.

No. 220

[Received January 10, 1949.]

SIR: I have the honor to refer to my telegram No. 269, dated December 20, 1948, and to report that a ceremony held at Phnom Penh on December 21, 1948, the French Commissioner of the Republic in Cambodia formally proclaimed the "Independence of Cambodia within the French Union".

The Commissioner, M. Loubet, first read a letter from M. Vincent Auriol, President of the French Republic and President of the French Union, to His Majesty Norodom Sihanouk, reading in translation as follows:

"Sire, I wish to confirm to Your Majesty the esteem with which the French Government regards the faithful friendship accorded it by Cambodia.

"I am aware of the solicitude and intelligence with which Your Majesty has been able to lead your people on the most sure paths towards a more modern form of life by approving the adhesion of your kingdom to the French Union, but I am also aware with what intelligence Your Majesty has always been able to appreciate and expose the legitimate aspirations of your subjects.

"I am thus happy to seize the occasion which Your Majesty offers me to announce, in full accord with the Government of the Republic which, after due deliberation, has given to the Head of the State, President of the French Union, the mission of expressing our joint will that France should solemnly recognize the independence of Cam-

bodia and that this independence has no other limits than those imposed by its membership in the French Union.

"May I thus be permitted to renew my wishes that the cooperation between France and Cambodia, united and associated states, will be more trustful than ever for the greater profit for all."

Following the reading of this letter, the Commissioner of the Republic made the following declaration :

"Sire, in the name of the President of the Republic, President of the French Union, we, Commissioner of the French Republic in Cambodia, solemnly proclaim the independence of Cambodia within the French Union."

The King then addressed the assembled multitude and expressed his great joy at this realization of the supreme wish of himself and his people. The King went on to discuss the practical meaning of the new measure and stated that the exchange of letters between himself and the President of the French Union had the same value as the Baie d'Along Agreement. New agreements would be negotiated for the purpose of realizing the complete internal sovereignty of Cambodia and fixing the framework of its external sovereignty. A final treaty would be signed when agreement had been reached on these subjects.

While the formal proclamation of the independence of Cambodia within the French Union may have some effect in quieting the growing dissatisfaction with the present status which has become increasingly apparent in recent months in official Cambodian circles, it is feared that as in the case of the Baie d'Along Agreement this effect will only be brief unless practical measures for implementing and defining independence are promptly taken.

Respectfully yours,

GEORGE M. ABBOTT

## NETHERLANDS EAST INDIES (INDONESIA)

### THE INTEREST OF THE UNITED STATES IN NATIONALIST OPPOSITION TO THE RESTORATION OF NETHERLANDS RULE IN THE EAST INDIES AND CONSIDERATION BY THE UNITED NATIONS SECURITY COUNCIL OF THE INDONESIAN CASE<sup>1</sup>

501.BC-Indonesia/1-548 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>2</sup>

SECRET

BATAVIA, January 5, 1948—noon.

13. From Graham<sup>3</sup> No. 81. Indo delegation memorandum dated December 31<sup>4</sup> received accepting GOC Christmas program.<sup>5</sup> Noting that Republic had accepted all previous GOC proposals, memorandum states (1) Christmas program involves considerable sacrifice on part Republic; (2) dispute is basically political in character and efforts bring about political agreement in few weeks are essential; (3) acceptance Van Mook Line<sup>6</sup> as basis truce is unjust and disappointing in giving Netherlands control over large areas not occupied August 4; and (4) demilitarized zones should be strictly demilitarized. Memorandum then terms program "decisive step towards an equitable settlement" and promises that Indo delegate will do everything possible make program effective.

Since receipt memorandum, GOC has held continual meetings with Dutch and Indos in effort reduce areas disagreement. In particular has endeavored in talks with Dutch Ministers, Van Mook and Vredenburg,<sup>7</sup> to salvage principles annex 2 which would give Republic

<sup>1</sup> Continued from *Foreign Relations*, 1947, vol. vi, pp. 890-1101. The Netherlands East Indies were renamed Indonesia in a revision of the Netherlands constitution on September 20, 1948 (see Department of State *Bulletin*, December 12, 1948, page 745).

<sup>2</sup> Repeated in telegram 9, January 9, noon, to The Hague.

<sup>3</sup> Dr. Frank P. Graham, U.S. member of the United Nations Security Council Committee of Good Offices (GOC) in the Netherlands East Indies. He was President of the University of North Carolina.

<sup>4</sup> For text of memorandum dated December 30, 1947, see United Nations, *Official Records of the Security Council, Third Year, Special Supplement No. 1, United Nations Security Council's Committee of Good Offices on the Indonesian Question*, First Interim Report of the Committee to the Security Council, doc. S/649/Rev.1 (22 September 1950), p. 64. Hereafter cited as SC, 3rd yr., Spec. Suppl. No. 1.

<sup>5</sup> For text of Christmas draft message addressed informally to the parties by the GOC, December 26, 1947, see *ibid.*, p. 49; also, Department of State *Bulletin*, March 14, 1948, p. 330.

<sup>6</sup> Line proclaimed August 29, 1947, by Netherlands Lt. Gov. Gen. Hubertus J. van Mook.

<sup>7</sup> Henri L. F. K. van Vredenburg, vice chairman of Netherlands delegation to GOC.



status equality with Dutch in negotiating future of territories Java, Madura, Sumatra. In this effort, GOC drafting committee under direction Van Zeeland<sup>8</sup> January 2 drafted new version annex two embodying principles Van Zeeland believed Dutch would accept. Vredenburg stated this version more objectionable than original. Dutch in meeting with GOC drafting committee then extracted principles to which they would subscribe as follows:

1. GOC to continue assist in reaching agreement for settlement political dispute Java, Madura, Sumatra based principles underlying Linggadjati.<sup>9</sup>

2. Neither party to have right prevent free expression popular movements for political organizations in accordance Linggadjati and both parties to guarantee freedom assembly, speech and publication provided advocacy violence and reprisals not included.

3. Decisions concerning changes in administration territories to be made only with consent populations and when security and freedom from coercion are insured.

4. Armed forces both parties to be gradually reduced after signing political agreement.

5. Soonest practicable after signing truce agreement, economic activity, trade, transportation and communications to be restored through cooperation parties taking into consideration interests all parts Indonesia.

6. Free discussion vital issues to proceed for 6 months to year after signing agreement, after which free elections to be held for self-determination by people of their relationship to USI.

7. Convention to be chosen accordance democratic procedure to draft constitution for USI.

8. If either party after signing political agreement should ask UN provide agency observe conditions any time up to transfer sovereignty from Netherlands to USI, other party to take request in serious consideration.

In connection number 2 above, GOC drafting committee paper had stated that pending political settlement, both parties should refrain from sponsoring or recognizing any movement relating organization new states or relationship states to federal organization. In connection number 3, GOC paper had stated that administration areas now under control NEI Government so far lacking political structure their own will be transferred to interim government which in accordance Linggadjati will be created through cooperation two parties on basis proportional representation and participation present leaders. In 6, GOC had also included "relationship to Republic", while US delegate endeavored have plebiscites substituted for free elections. In 8, GOC paper had given either party right request UN agency observation. Dutch ruled out all these provisions.

<sup>8</sup> Paul Van Zeeland, Belgian member of GOC.

<sup>9</sup> For text of agreement initialed November 15, 1946, and signed March 25, 1947, see Department of State *Bulletin*, March 14, 1948, p. 325.

Netherlands counter-proposals to Christmas program <sup>10</sup> boil down to foregoing eight principles plus plan for truce drafted January 2 in presence GOC committee providing (1) issuance stand-fast and cease-fire order applicable troops along Van Mook Line to be fully effective within forty-eight hours after signing agreement; (2) establishment demilitarized zones between Van Mook Line and line Netherlands forward positions on one side and extending on other to line Republic forward position; (3) acceptance paragraphs 4 *c*, *d*, *e*, and *f* mytel 75, December 27; <sup>11</sup> (4) inclusion in truce agreement of all points relating cease-fire already agreed on by parties; (5) enquiry by military observers to establish whether elements Republican military forces continue offer resistance behind Netherlands forward positions and, if such elements found existing, evacuation to be completed within 3 weeks; (6) withdrawal with equipment of all forces each party from area other party and from demilitarized zones to party's own side of demilitarized zone under observation military observers; and (7) truce agreement to be binding for fortnight and to be automatically extended for fortnightly periods unless terminated upon notifications to GOC by one party on grounds it considers regulations not being observed by other party. Dutch refuse absolutely consider any deviation demilitarized zones from Van Mook Line in West Java.

In presenting above counter-proposals, Dutch made clear this their final offer. Beel <sup>12</sup> stated that if rejected by Republic, Netherlands would "reserve liberty of action". Vredenburg stated "this is July 15". US delegate not sure whether intimations of resumption police action reflect considered Netherlands intention or are meant pressure GOC and Republic.

Indo delegate took Netherlands counter-proposals Djocja January 4, accompanied by Kirby, <sup>13</sup> who had returned from Australia December 31. Critchley <sup>14</sup> doubts any Republican Government could survive acceptance but is not sure what decision will be. US delegate stated to Critchley it noted Republic fully aware seriousness its present position and in making decision could not be guided by false hopes of what it might gain if matter referred SC owing inability parties agree. Critchley believed Republic under no illusions. He thinks Dutch will move on Djocja if Republic rejects proposals and that if Republic accepts, violations inevitable under circumstances will also give Dutch excuse take Djocja. Australian delegate, US delegate and Van Zeeland agree Vredenburg gives impression of hope Republic will reject

<sup>10</sup> For text of Netherlands memorandum of December 28, see SC, 3rd yr., *Spec. Suppl. No. 1*, p. 53.

<sup>11</sup> Telegram 572, December 27, 1947, 1 p. m., *Foreign Relations*, 1947, vol. vi, p. 1094.

<sup>12</sup> Dr. Louis Joseph Maria Beel, Netherlands Prime Minister.

<sup>13</sup> Richard C. Kirby, Australian member of GOC.

<sup>14</sup> Thomas K. Critchley, acting Australian member of GOC.

counter-proposals. Truculence Vredenburg has apparently been too much even for Van Zeeland who believes Vredenburg keeps ministers stirred up against GOC.

Graham, Van Zeeland and Kirby agree Republic has no choice but accept counter-proposals. Critchley opposes. Van Zeeland expressed to Sastroamidjojo <sup>15</sup> personal view that rejection by Republic or continuance sabotage would probably lead either resumption police action or strangulation Republic by Dutch. He feels concessions obtained from Netherlands were possible only owing presence ministers and is apparently much concerned by possibility further police action. US delegate believes he extremely eager have truce agreement signed and get away.

While GOC under leadership Van Zeeland is continuing effort induce Dutch reconsider certain terms Dutch truce proposal which GOC believes more likely encourage than prevent violations, GOC is largely powerless tender [*temper?*] approaching crisis, scope of which impossible forecast. Dutch appear completely confident and untroubled by any prospect international repercussions which might result should Republic collapse.

Unless Netherlands proposals accepted, Republic likely take form counter-proposals. Since Dutch have made clear their present proposals are final, this could only delay impasse for few days. US delegate believes that if final position parties are irreconcilable, GOC should send full factual report to SC of proposals and counter-proposals leading to break-down discussions. Christmas program would necessarily be included. While Van Zeeland has objected on grounds it without "formal status", he will probably agree when he realizes Republican representative at SC would undoubtedly question its exclusion, putting GOC in untenable position. Obviously report to SC should be simple and allow facts speak for themselves without expression opinion by GOC, whose views will be manifest in proposals included in report. [Graham.]

LIVENGOOD

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<sup>15</sup> Dr. Ali Sastroamidjojo, Indonesian Minister of Education.

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501.BC Indonesia/1-548 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State* <sup>1</sup>

CONFIDENTIAL

BATAVIA, January 5, 1948—3 p. m.

14. From Graham No. 82. Repercussions Embassy Canberra approach to Aus Government re partisanship AusDel (Deptel 379, De-

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<sup>1</sup> Repeated in telegram 2, January 6, 5 p. m., to Canberra.



ember 31<sup>2</sup>) may cause embarrassment here. AusDel partiality in GOC fully matched by partiality BelDel. While proposals initiated by AusDel have sometimes been tactical, AusDel has not pressed any proposals which USDel opposed. With respect implementation SC resolution, BelDel has consistently represented Dutch position calling for recognition Van Mook line of demarcation while AusDel gave up its own position calling for withdrawal Netherlands to territory occupied August 4 in order not imperil Graham-Van Zeeland understanding on intent SC resolution. Further, USDel considers truce plan of December 4, initiated by AusDel, fair and practical and an important contribution to work GOC. Restatement by Aus representative on SC blaming Dutch alone for delays in reaching agreement cease-fire, fact is that Dutch have never yet accepted single GOC proposal without at least serious qualification while Indonesians have accepted all proposals so far.

Re paragraph eight mytel 75, December 27,<sup>3</sup> Graham emphasizes Critchley would have preferred USDel redraft of Xmas proposals but was again animated by desire preserve unanimity GOC. [Graham.]

LIVENGOOD

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<sup>2</sup> See telegram 277, December 31, 1947, 6 p. m., to Canberra, *Foreign Relations*, 1947, vol. VI, p. 1099.

<sup>3</sup> Telegram 572, December 27, 1947, 1 p. m., *ibid.*, p. 1094.

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856e.00/1-548 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

RESTRICTED

BATAVIA, January 5, 1948—4 p. m.

17. Remytel 8, January 3.<sup>1</sup> Meeting held January 4 between Dutch high officials and representatives of East Indonesia, East Borneo, Dyakbesar Borneo, South Borneo, Banka, Riouw, East Sumatra, South Sumatra Committee, West Java Committee and KIS. Dutch presented with resolution urging immediate steps to: (1) Form interim government in preparation sovereign USI; (2) arrangement for interim government to have voice in use military forces in Indonesia for maintenance safety in interior and (3) revision of Netherlands constitution. Invitation (in which Madura joined) sent to Republican Government to join USI.

Dutch Prime Minister approved gist resolution. Further stated that Lieutenant Governor General will immediately begin implementation of Point (1) of resolution and announced revision constitution already in course of preparation.

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<sup>1</sup> Not printed.

Background data not now available, will be airmailed.

It is possible that some agreements may be signed before departure Ministers for Holland tomorrow.

While question may not arise, would appreciate Department's instructions as to attitude to be taken by Consul General with respect projected federation.

LIVENGOOD

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501.BC Indonesia/1-648 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET      PRIORITY

BATAVIA, January 6, 1948—5 p. m.

22. From Graham 84. USDel much concerned over possibility serious consequences both Netherlands and Indo interests arising from Netherlands truce plan whether accepted or rejected by Republic in present form. Eight political principles offered by Netherlands as part plan (mytel 81, January 5<sup>2</sup>) are at best so generalized in nature as to offer Republic virtually no basis for hope of recovering anything like status envisaged under Linggadjati or even any assurance its continued existence. For this reason, Republic will find little inducement to exert strenuous efforts which will be required if truce to be implemented, which position moderates in Republic with respect militants likely be so weakened that increase rather than decrease violence may well follow. USDel believes if conditions set by Dutch are not modified, collapse of Republic either under Dutch military action or through internal difficulties is most likely outcome and that world reaction will be most serious, particularly for US, which holds key position GOC.

Accordingly, in last attempt prevent crisis by formulating program which may resolve legitimate interests both parties, USDel after study Deptel 41, December 31,<sup>3</sup> has taken paragraph three mytel 69<sup>4</sup> as basis for new set principles preserving objectives annex two Xmas program insofar as these consonant with Department views in hope Netherlands may be prevailed upon accept these additional principles regardless whether Republic accepts or initially rejects Netherlands truce plan. Principles, to which both parties would be asked subscribe, are:

1. Status of Republic is that of state (*Negara*) in proposed USI. Sovereignty throughout NEI is and remains with Kingdom Netherlands until, after stated interval, Netherlands transfers its sovereignty to USI. Prior termination such stated interval, Netherlands retains right to confer such rights, duties, and responsibilities on a provisional

<sup>1</sup> Repeated in telegram 9, January 9, noon, to The Hague.

<sup>2</sup> Telegram 13, p. 57.

<sup>3</sup> See telegram 380, December 31, 1947, 7 p. m., *Foreign Relations*, 1947, vol. vi, p. 1099.

<sup>4</sup> See telegram 557, December 20, 1947, noon, *ibid.*, p. 1088.

federal government of USI as Netherlands may deem appropriate. USI when created will be sovereign independent state in equal partnership with Kingdom Netherlands-Indo union.

2. In any provisional federal government for USI, fair representation will be given all states (*Negaras*) within future USI including Republic.

3. Prior dissolution GOC, either party may request services GOC be continued to assist in adjusting such differences between parties as may arise in period between signing political agreement and transfer sovereignty from Netherlands to USI and other party will make no objection such arrangement. Any such request, regardless party with whom originating, would be brought attention SC by Netherlands.

4. Within period not less than 6 months or more than year from signing political agreement, plebiscites will be held under international observation to determine whether various territories wish to be included in Republic or whether they wish form other states.

5. Following formation states in accordance foregoing, a constitutional convention will be convened through democratic procedures to draft constitution for USI. Representation various states in convention will be in proportion their populations.

6. Republic for its part will make no objection to provision in constitution for bicameral legislature for USI with representation in one Chamber based equality state and in other based population.

7. In accordance principles articles three and four Linggadjati, any state which does not wish ratify constitution [apparent garble] in USI may negotiate special relationship with USI and Netherlands.

USDel believes fulfillment foregoing would in long run give Republic chance demonstrate extent its popular support and result creation USI fairly representative fundamental sentiments Indo peoples and hence more stable than any likely be formed other conditions. Such conditions would also fully meet criteria second paragraph Deptel 41, allowing Dutch proceed economic plans for Indonesia, giving Dutch ample time prepare for end period their sovereignty, and requiring no early changes in present administration of territories. At same time, by giving Republic fighting chance prove its claim of mass support, principles would give Republic moderates talking point against militants and give GOC solid basis for impressing upon Republic absolute necessity it exert every effort carry out truce and cease acts destruction, intimidation and reprisal. If with Dutch acceptance these principles Republic still unable carry out truce or exercise effective administration, Dutch will then be able maintain before world their charge that Republic in fact is not a responsible government. Unless Dutch accept these principles, all of which USDel regards as essential, important segments world opinion likely be convinced that settlement Indo dispute has been imposed unilaterally by military force and will react accordingly. Long range consequences Indonesia resulting from further serious loss confidence in Dutch could be greatly dangerous both parties.



Graham yesterday presented rough draft above principles to Dutch Ministers as merely informative and tentative expression USDel thought, Van Zeeland having been reluctant commit himself either way on principles. Beel appeared not unfavorably disposed and even Van Mook conceded proposal has some merit.

USDel urgently requests Department's earliest consideration these principles, believing that unless Department can persuade Dutch accept them, present situation cannot be saved from finish which will have lasting and dangerous repercussions for all parties concerned. Situation here moving very rapidly, and if Department feels able support principles, USDel urges earliest possible approach to Dutch in Washington and Hague. [Graham.]

LIVENGOOD

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856d.00/1-648

*Memorandum of Conversation, by the Acting Chief of the Division of Northern European Affairs (Hulley)*

[WASHINGTON,] January 6, 1948.

The Netherlands Ambassador<sup>1</sup> called on Mr. Lovett<sup>2</sup> January 6, 1948 to present a picture of recent developments in the formation of a United States of Indonesia. He presented the following documents: (1) Press release from Batavia January 4, 1948, (2) Statements by Netherlands Cabinet Ministers December 17, 1947, and (3) Press release of August 11, 1947.

The most recent of these documents announced the adoption of two resolutions by a meeting of Netherlands Ministers and representatives of eleven Indonesian states or other political units. The first resolution is addressed to the Netherlands Government and urges immediate steps to form an interim government for preparation of a sovereign United States of Indonesia, arrangement for such interim government to have a voice in employment of military forces in Indonesia to maintain safety, and revision of the Netherlands Constitution. The second resolution is addressed to the Republican Government of Indonesia at Djogjakarta and invites that government to join the sovereign United States of Indonesia.

The Ambassador commented that the formation of these states which took part in the conference had not been engineered in any way by the Netherlands Government, whose only action in connection with their formation was to guarantee free expression of popular will. He said that the hand of friendship was extended in the second resolution

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<sup>1</sup> Dr. Eelco N. van Kleffens.

<sup>2</sup> Robert A. Lovett, Under Secretary of State.

to the Republican Government with the hope that it would join in the federation of all Indonesian states. When Mr. Lovett asked whether these actions could be regarded as circumventing or undercutting the Committee on Good Offices, the Ambassador replied by reading a phrase from the release in which the expectation is expressed by the Netherlands Prime Minister that this resolution would contribute "to a satisfactory result of the work of the Good Offices Committee".

Mr. Lovett thanked the Ambassador for presenting this information which would be of considerable interest.

After leaving the Undersecretary's Office the Ambassador met half a dozen press correspondents in the ante-room and gave them the same data, answering their questions.

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501.BC-Indonesia/1-748 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, January 7, 1948—9 a. m.

23. From Graham No. 85. GOC drafting committee met Vredenburg, Koets<sup>1</sup> and Spoor<sup>2</sup> night January 4 with hope improving Dutch truce plan (mytel 81 January 5). Koets explained that provision for fortnightly extensions truce was designed benefit Republic and meant truce would be annulled only at end one of fortnight periods, thus give Republic initial grace period in which make truce effective and allowing time for adjusting differences arising from inevitable breaches. Some rewording of other terms of minor importance offered by Dutch, who otherwise adamant. US delegate and Australian delegate pressed for reconsideration provision that demilitarized zone would extend on Dutch side only between line forward positions and Van Mook line, pointing out that lines coincided in several areas, which would result in zone without depth, and urging importance Dutch pulling forward outposts back several kilometres these areas. Dutch refused. Vredenburg observed matter only academic since if troops drew back one day they would return the next as police. Spoor added that even as it was, two divisions would be required police "demilitarized" zones. Vredenburg said if truce carried out Dutch would extend demilitarized zones but did not wish make such commitment in present truce.

While Vredenburg stated Dutch would not expect perfection in carrying out truce by Republic and would be content with genuine

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<sup>1</sup> Dr. P. J. Koets, political adviser to Lt. Gov. Gen. van Mook and Netherlands member of cease-fire committee.

<sup>2</sup> Lt. Gen. Simon H. Spoor, Commander-in-chief of Netherlands Indies Army (Land Forces).

effort, (Deptel 40 December 19,<sup>3</sup> paragraph 3 (b)) he made plain he did not expect Republic could carry out truce and within three days after effective date GOC could expect commencement deluge of reports from Netherlands of Republican violations.

This connection, Graham, January 5, recalled to Beel various indications Dutch considering resumption police action and requested clarification. Beel denied any such move contemplated at present. [Graham.]

LIVENGOOD

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<sup>3</sup> See telegram 372, December 19, 1947, 8 p. m., *Foreign Relations*, 1947, vol. VI, p. 1084.

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501.BC Indonesia/1-748 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, January 7, 1948—3 p. m.

25. From Graham No. 86. Graham saw Vredenburg night January 6, having asked for few minutes in order make Netherlands position clear. He emphasized importance Beel statement that Netherlands proposals for truce definitely represent Netherlands last word at present moment. He read letter Beel to Van Zeeland stating this was "take it or leave it" proposition, that political principles offered by Netherlands were not to be altered and that further discussion was useless. Vredenburg stressed that Republic must not believe slightest opportunity exists for bargaining over principles, otherwise vital time would be lost, and said Netherlands should know by end week whether truce to be obtained. He wished this information conveyed Djocja immediately, to which Graham replied IndoDel expected return Batavia next day and that he would inform his colleagues. Without referring domestic position Beel government this connection, Vredenburg did stress speed with which Ministers returning Hague.

Vredenburg then referred USDel January 5 principles (mytel 84 January 6) stating Netherlands believe paper contained good ideas and principles to which it not averse but that Netherlands could not commit itself present moment and would wish examine principles with extreme care, particularly with reference plebiscites. He quoted Beel as willing discuss these principles "with some hope" as part political discussions, with which Netherlands would be prepared go ahead full speed if truce carried out in reasonably accurate way and with improving implementation. He added that if principles disclosed to Republic, which he hoped would not be in writing, should be made very clear they not subject discussion until after truce. Ogburn<sup>1</sup> who also present

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<sup>1</sup> Charlton Ogburn, Jr., adviser to U.S. delegation to GOC.



expressed personal view that principles along lines USDel paper should receive earliest possible attention owing likelihood highly unfortunate repercussion should Republic fail weather crisis resulting from truce plan which might appear very one-sided.

Vredenburg reported conversations now in progress between Republican leaders and leaders other Indo States with view effecting cooperation two groups in interim federal government and that Netherlands encouraging such talks. He added, however, that Republic had made proposal that Soekarno<sup>2</sup> be given second highest office, which he termed fantastic. Dismissing Sjarifuddin<sup>3</sup> and Setiadjit<sup>4</sup> as weaklings, he stated Leimena<sup>5</sup> was "decent" Republican who, for that reason, had no influence. He conceded Netherlands had been working too exclusively with Conservative Indos and must endeavor reach Moderate Labor leaders and socialists of Sjahrir<sup>6</sup> type.

Vredenburg appeared more receptive than in conversation with Ogburn on January 5, before he had seen USDel paper. Ogburn had then stressed as personal opinion importance Netherlands considering concessions which would in future, without raising question present administration territories or current formation states, give Republic chance prove itself or fall by standards which could be regarded as objective and which would give GOC some hope success in endeavoring obtain full Republican cooperation in implementation truce. However, Vredenburg balked at plebiscites and discussion this subject got no further. Vredenburg chiefly interested in voicing suspicion Kirby had gone Djocja talk Republic into rejecting Netherlands truce plan, a suspicion Ogburn endeavored allay, and in urging necessity entire GOC attempt persuade Republic accept plan and then bend every effort carry it out. He promised full cooperation Netherlands in disseminating information on truce for Republic, including leaflet drops, pamphlet printing, etc. Vredenburg as usual expressed amazement at alleged shortcomings GOC and castigated Republican leaders as corrupt, unscrupulous, incapable of decision and of an incompetence matched only by incompetence of Indos on Netherlands side, from whom he believed Netherlands could expect nothing better in future than an inefficient dictatorship in Indonesia willing cooperate with Netherlands.

Conversation very pleasant but quite fruitless with regard concessions Netherlands willing make in long run. [Graham.]

LIVENGOOD

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<sup>2</sup> President of the Indonesian Republic.

<sup>3</sup> Prime Minister of the Indonesian Republic.

<sup>4</sup> Fourth Deputy Prime Minister of the Indonesian Republic.

<sup>5</sup> Indonesian Republic Minister of Public Health and head of cease-fire committee.

<sup>6</sup> Former Prime Minister of the Indonesian Republic.

501.BC Indonesia/1-648: Telegram

*The Secretary of State to the Consulate General at Batavia*<sup>1</sup>

SECRET      NIACT

WASHINGTON, January 7, 1948—6 p. m.

8. For Graham No. 43. Dept gratified principles described numbered paras. 1 thru 7 urtel 84, Jan 6 (not received at time of Rusk's<sup>2</sup> telephone conversation). Dept believes this approach eminently fair and manifestly practical and should form basis of settlement which will be favorably received by SC and world opinion.

We believe urtel 84 provides an eventual settlement firmly grounded in right principle of self-determination and the right of peoples to determine for themselves at the time of the elections their political relationship to the USI, to the Republic, or to any component of the USI.

Reference international observation mentioned numbered para. 4 urtel 84, Dept considers essential this be clarified to mean observation by GOC or subsidiary of GOC to remain in area for that purpose. Dept strongly wishes to avoid necessity for creation of other groups by SC raising difficult political questions of membership. Moreover Dept wishes to avoid commitment involving despatch to Indonesia of large numbers observers as was requisite in case of Greek elections.

Dept agrees with you that speed of events in Indonesia requires that GOC promptly take unequivocal position. Dept prepared to assist you in every possible way to facilitate settlement predicated on principles your 84. Therefore following your suggestion, Dept is now discussing informally with Neth Emb proposals urtel 84.

Dept considers it highly important that settlement based on principles urtel 84 be formally offered to Dutch as GOC proposals and that Dutch acceptance take place on *Renville*,<sup>3</sup> not in Washington. Upon your advice that proposals have been accepted by GOC and offered as GOC proposals to parties, Dept will make additional and more formal approach Dutch Emb Washington.

MARSHALL

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<sup>1</sup> Repeated in telegram 9, January 9, noon, to The Hague.

<sup>2</sup> Dean Rusk, Director, Office of Special Political Affairs; on January 28, Director, Office of United Nations Affairs.

<sup>3</sup> U.S.S. *Renville*, a naval transport offered by the United States for discussions between the Netherlands and Indonesian Republic representatives at Batavia.

501.BC Indonesia/1-948 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, January 9, 1948—11 a. m.

29. From Graham No. 88. Indo delegation with Sjarifuddin, accompanied by Kirby, returned Batavia January 7 not yet prepared reply Dutch truce plan.

Graham and one adviser had several hours meeting with Sjarifuddin and Setiadjit to discuss truce plan. Indos, who pessimistic and depressed, believed effective truce impossible under plan offered, which they considered deficient in three respects:

1. Regarding political principles, they stated these contained so little assurance any possibility Republic come back as to put them under impossible handicap in endeavoring win support and observance truce on part nationalist elements now being suppressed in Netherlands-controlled areas. We stated our opinion GOC would endeavor obtain Netherlands agreement to plebiscites which in time would give Republic authority over areas where it had support population and to provision whereby Republic would carry full weight in drafting USI constitution. We emphasized, however, no promises could be made and passed on info that Dutch until effectuation truce would not consider any change political parts truce plan. Indos seemed greatly favor plebiscites, though Setiadjit stated it inconceivable Dutch would permit free expression Republic view and Republic organization their areas.

2. Indos stated that under military parts truce plan, no separation armed forces would take place, that their experience showed mere demarcation line wholly ineffective in preventing incidents, which they believed Dutch would instigate. Sjarifuddin noted present forward positions only 300 yards apart some areas. We replied we would continue efforts arrive at arrangement permitting true demilitarized zones, that meanwhile we hoped military observers by ascertaining facts any incidents could obviate annulment truce and their presence serve as deterrent incidents and that we believed this possible provided incidents could be contained and would not build up into general engagements.

3. Indos inquired how they could be expected answer for maintenance law and order on Netherlands side zones. We expressed view Netherlands asked only maximum effort their part control their adherents and had offered assist every way dissemination info on truce, and that obviously Republic responsibility could not extend beyond its authority.

Indos apparently wished advice what reply they should make to Dutch plan, but Graham felt in no position take such responsibility. In reply direct question our opinion what course SC would take if Republic rejection caused SC review case, we offered frank but personal view that much talk and delay would result but that Republic could count on no action giving it better terms.



Without concealing our realization difficulties Indo delegation position, we offered view first month truce would be hardest period, that once this hump satisfactorily passed although Dutch reassured re prospects increasing order, Netherlands Government should be in better position reconsider some of Republic's proposal. We repeated Dutch promise proceed full speed with political settlement once truce effective. Setiadjit stated under such conditions, Dutch would have no interest proceed rapidly with any further settlement.

Sjarifuddin asked number questions concerning interim government USI. In particular inquired what role, if any, GOC would have if Republic entered interim government and whether GOC could assist settlement disputes between Republic and other states. This obviously crucial question since (1) Sjarifuddin gave impression Republic would not participate interim government if GOC thereby ended and (2) Dutch obviously intend acting in increasingly larger measure through government's non-Republic states and through interim government. We reserved reply this question.

Sjarifuddin stated Indo delegation would consider Netherlands plan one more day. Our impression is Republic will not give unqualified acceptance.

USDel intends informing Indo delegation that USDel's opinion (1) there no reason why GOC cannot continue until political agreement corresponding Linggadjati reached whether or not Republic agrees participate provisionally in interim government prior signing such agreement, unless Republic itself considers its agreement participate such government as equivalent full political agreement; (2) that both parties could properly request GOC remain to assist adjusting differences relating political agreement after it signed, (3) that GOC cannot under present terms reference assist settlement disputes between Republic and other states except insofar as such disputes are genuinely involved in dispute with Netherlands. [Graham.]

LIVENGOOD

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501.BC Indonesia/1-948 : Telegram

*The Secretary of State to the Embassy in the Netherlands*

SECRET

WASHINGTON, January 9, 1948—6 p. m.

10. For your info and possible future use if instructed, Dept officials made strong informal representations Jan 8 to Helb, Counselor Neth Emb, to end that his Govt would (a) promptly consider and accept political principles set forth Graham's 84<sup>1</sup> (repeated Hague in Deptel 9, Jan 9) and (b) indicate promptly to Van Zeeland its approval in

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<sup>1</sup> Telegram 22, January 6, 5 p. m., p. 62.

order Van Zeeland throw weight his support to proposals within GOC. Dept informed personally and confidentially by Helb Jan 9 that strong recommendation to FonOff to above effect has been made by Neth Emb.

MARSHALL

501.BC Indonesia/1-1048 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET PRIORITY

BATAVIA, January 10, 1948—7 a. m.

31. From Graham 89. USDel grateful Deptel 43, January 7. USDel principles for settlement (mytel 84, January 6), redrafted to conform third paragraph Deptel 43, were formally presented January 6 to GOC, accepted in substance, and referred drafting committee. Final GOC action expected January 10. Van Zeeland apparently in agreement desirability plan. Australian delegation not enthusiastic. Netherlands position makes it necessary inform Republic Netherlands will refuse consider principles if Republic acceptance truce plan not obtained.

Republic reply truce plan delayed. Sjarifuddin departed US plane morning January 9 to pick up Sjahrir in Singapore and Hatta<sup>1</sup> in Pakanbaroe and take both to Djocja for meeting on truce plan with GOC. GOC departing for Djocja morning January 11 probably to remain 2 days.

Vredenburch has informed GOC as follows (quotation is from cable sent to Netherlands Govt by Vredenburch, of which paraphrase given GOC):

"We expected an unequivocal reply from the Republic Govt as to whether they accepted the last proposals or not, latest 48 hours after the beginning of the conference, which was to begin not later than 12 o'clock a.m. the eleventh of this month, and that every qualified acceptance or acceptance with reserves would be considered as a rejection; that if these proposals should not have been accepted by that time, we should then consider ourselves no longer bound to these proposals; that the delegation would then have to ask the govt for further instructions, but that I had every reason to believe that the govt would decide to resume their freedom of action; that this would, in my opinion, imply that the efforts of the GOC had not met with the success hoped for, and that this would be one of the factors in determining the further policy of the govt; that I finally made yet another urgent appeal to Dr. Graham, Mr. Justice Kirby and Mr. Van Zeeland to make the Republic Govt see reason, emphasizing the extent to which the position of the Djocja Govt had constantly deteriorated; that in the event the committee would deem it desirable, I declared myself willing to accompany the GOC to Fort Dekockor Djocjakarta

<sup>1</sup> Vice President of the Indonesian Republic.

in order personally to explain once more the Netherlands viewpoint to the Republic leaders”.

GOC decided leave to Indonesians question Vredenburg going Djocja.

Australian delegation continues give impression Republic will not accept Netherlands plan. Believe one or two members Australian delegation consider Republic doomed any event and might as well go down with splash in SC. USDel will endeavor convince Australian delegation value USDel principles for settlement and possibility Dutch acceptance. [Graham.]

LIVENGOOD

501.BC Indonesia/1-648 : Telegram

*The Secretary of State to the Consulate General at Batavia*

TOP SECRET      US URGENT      WASHINGTON, January 10, 1948—4 p. m.

14. For Graham from Rusk No. 46. Dept eager your proposals (mytel 84 Jan 6) receive support of AusDel and BelDel. Dutch have been requested through Neth Emb Washington to secure Van Zeeland's support. Since we are apprehensive lest partisanship of AusDel may mislead Indonesians into adopting unwise or intransigent attitude, we are considering making informal representations Canberra stating reasons for Sec approval your proposals and concluding “Dept confident that FonOff shares Dept's deep concern that the Dutch-Indonesian dispute be settled promptly in a just and practical manner. Therefore, if FonOff agrees with Dept estimate of Dr. Graham's proposal, Dept should appreciate FonOff communicating to Dr. Kirby its approval of that proposal and requesting his energetic support to the end that at the earliest possible moment a solution based on these principles be offered to and accepted by both Dutch and Indonesians as representing the unanimous recommendation of the GOC.” [Rusk.]

MARSHALL

501.BC Indonesia/1-1048 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET      NIACT      BATAVIA, January 10, 1948—midnight.

36. From Graham No. 90. Vredenburg informed US delegation afternoon January 10 that on strength telegram from Hague reporting conversations Van Kleffens with Department, Netherlands delegation was prepared accept principles mytel 84, January 6. Procedure desired by Netherlands delegation was for GOC on date signing truce submit principles publicly to parties requesting their acceptance within forty-



eight hours. Vredenburg stated he willing assure GOC now Netherlands would accept principles and that GOC could so inform Republic in connection discussions truce plan Jogja January 11. Scott<sup>1</sup> and Ogburn then [consulted?] Vredenburg and Van Mook in order go over final draft on which GOC would act later. Dutch, however, refused depart from text principles received from Hague except minor matters phraseology, and since their text based condensed cable version sent Department mytel 84 and apparently corrupted in form received by Hague, some difficulties were encountered. Statement finally agreed on as follows:

1. Sovereignty throughout Netherlands Indies is and remains with Kingdom Netherlands until, after stated interval, Kingdom Netherlands transfers sovereignty to USI. Prior termination stated interval, Kingdom Netherlands may confer appropriate rights, duties and responsibilities on provisional federal government of territories future USI. USI when created will be sovereign and independent state in equal partnership with Kingdom Netherlands in Netherlands-Indo union at head of which shall be King Netherlands. Status Republic will be that of state within UST [USI].

2. In any provisional federal government created prior ratification constitution future USI all states will be offered fair representation.

3. Prior dissolution GOC, either party may request services GOC be continued assist in adjusting differences between parties which relate political agreement and which may arise during interim period. Other party will interpose no objection such request; this request would be brought attention SC by Netherlands.

4. Within period not less six months or more than year from signing political agreement, plebiscite will be held to determine whether populations various territories Java, Madura, Sumatra wish their territory form part republic or of other state in USI, such plebiscite to be conducted under observation GOC should either party accordance procedure para three request services GOC this capacity. Parties may agree that another method ascertaining will of populations may be employed in place plebiscite.

5. Following delineation states in accordance procedure paragraph 4, constitutional convention will be convened through democratic procedures to draft constitution for USI. Representation various states in convention will be proportion their populations.

6. Should any state decide not ratify constitution and desire accordance principles Articles 3 and 4 Linggadjati to negotiate special relationship with USI and Kingdom Netherlands, neither party will object.

Version principles received from Hague had "free elections and plebiscites" in paragraph 4. Dutch very insistent necessity option this matter, considering plebiscites difficult apply Indonesia. Scott and

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<sup>1</sup> Joseph W. Scott, member of U.S. delegation to GOC.

Ogburn reviewed value these principles from Netherlands point view and emphasized entire value would be lost if any method consulting will of people other than plebiscite accepted unless parties agreed on such other method. Made clear US delegation would drop whole matter unless plebiscite accepted without alternative except as stated final sentence paragraph 4. US delegation convinced "free elections," which Dutch interpret as election by population of leaders who would themselves decide on will of population, would be complete mockery this country. Dutch stated this point together with wording entire text would be submitted Hague by phone that night.

Dutch also apparently disgruntled at idea GOC may remain after Republic enters provisional federal government. Believe they interpret "interim" in paragraph 3 as period ending with signing political agreement. Long and indecisive argument this point.

Text principles as above approved by GOC hour later and will be taken Jogja.

GOC also approved Dutch suggestion re method submission principles to parties.

In connection with their written agreement to consider principles as basis further discussions, Dutch asked GOC whether it (1) prepared sponsor truce plan; (2) will consider political discussions will come to end without further ado if truce not observed and (3) will consider that if truce not observed Netherlands will not be prepared open discussions on new truce plan. GOC considered but took no final action these questions at meeting. Kirby stated he not prepared sponsor truce plan. Graham willing analyze situation for Republic indicating probable consequences their acceptance or rejection which will probably incline Republic to acceptance. Kirby, Graham and Van Zeeland willing any case state GOC approbation parties acceptance truce plan together with political principles.

After encipherment above, Vredenburg informed us Hague had accepted above text on provision Republic not enter interim government until political agreement signed, which appears reasonable.<sup>2</sup>  
[Graham.]

LIVENGOOD

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<sup>2</sup> In telegram 37, January 11, 11 a. m. (91 from Graham), Batavia reported acceptance by the Dutch of the principles was not yet certain, and their final answer would be sent when received. "A Dutch commitment to try plebiscite is chief hope we have for selling truce to Republic", explained Dr. Graham.

501.BC Indochina/1-1148 : Telegram

*The Chargé in the Netherlands (Bonsal) to the Secretary of State*

SECRET

US URGENT

THE HAGUE, January 11, 1948—10 p. m.

17. Foreign Minister <sup>1</sup> has just informed me that Cabinet this afternoon authorized Dutch delegation *Renville* accept 6 points for political settlement offered by GOC representing slight modification of points set forth January 9 to Helb by Department officials (Deptel 9, January 9).<sup>2</sup> Necessary authority telegraphed Batavia. Van Kleffens will inform Department.<sup>3</sup> Foreign Minister states Netherlands acceptance predicated on signature truce agreement and its thorough-going implementation by Republic. Netherland Government has doubts re feasibility provisions in 6 points relating plebiscites and representation in USI accordance population. Cabinet unhappy at reference (reported by Helb) by Department officials in conversation with Helb to ERP and to US assistance in reconstruction Indonesia.

BONSAL

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<sup>1</sup> Dr. C. G. W. H. Baron van Boetzelaer van Oosterhout.

<sup>2</sup> See telegram 10, January 9, 6 p. m., p. 70, and Batavia telegram 22, January 6, 5 p. m., p. 62.

<sup>3</sup> The Netherlands Embassy telephoned the information on January 12 to the Department. (856e.00/1-1248)

501.BC Indonesia/1-1248 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State* <sup>1</sup>

SECRET

BATAVIA, January 12, 1948—5 p. m.

40. Graham No. 92 from Ogburn. Returned Batavia today to receive Netherlands decision on text principles (mytel 90, January 10). Vredenburg stated Netherlands had accepted but wanted free elections as alternative plebiscite Paragraph 4 and provision Paragraph 5 whereby one state could not outvote remainder. I reiterated USDel view such changes would totally destroy selling value of principles. Vredenburg finally accepted text without change.

For Department's confidential information, Naryanan of UN secretariat, who friend Sukarno and Nehru,<sup>2</sup> told Sukarno nothing to be expected of SC if truce rejected and through Indian ConGen here is suggesting to Nehru that Nehru advise Sukarno accept.

Graham will urge [urges] Sukarno accept whole program as based principles he has worked for.

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<sup>1</sup> Repeated in telegram 15, January 13, 6 p. m., to The Hague.

<sup>2</sup> Pandit Jawaharlal Nehru, Indian Prime Minister.



Believe Republic will probably sign truce noon January 14 or 15.  
[Ogburn.]

LIVENGOOD

501.BC Indonesia/1-1348: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, January 13, 1948—2 p. m.

43. Graham No. 93 from Ogburn. 1. Scott reports from Jogjakarta only very slow progress towards getting Republic's acceptance truce plan with AusDel of no help. Press quotes Sjahrir on arrival Jogjakarta as stating Indonesian question might possibly be referred back SC. Seems certain any case Republic will take maximum time reach decision. Vredenburg states Republic's reply telegraphed from Jogjakarta noon January 15 with formal signing truce in *Renville* January 16 would satisfy conditions set by NethDel.

2. Republic yesterday given letter from NethDel signed Vredenburg containing assurance 6-point principles (mytel 90) would be favorably considered by Netherlands following acceptance truce. Following Republic's reply truce, letter will be made part GOC records. In reply question by Kirby whether in USDel view this assurance would make Republic rejection more difficult, we stated it would make such rejection much more difficult.

3. Vredenburg informs us Netherland's acceptance final text principles (mytel 92, January 12) followed dispatch of telegram to Hague from him and Van Mook stating acceptance text by Council Ministers was matter urgency. He adds that leaders *Negaras* and *Daerahs* endorse principles. Praise of GOC by Van Mook in January 12 UP report strikes very new note.

4. Vredenburg says he hopes that following acceptance by both parties of truce plus principles, Department will issue press release stating it believes satisfactory basis for political discussions has been reached. I ventured opinion Department might well wish do so.

5. Last night Spoor, Vredenburg, Abbey<sup>1</sup> and I met discuss practical problems re implementation truce. We hope have several types leaflets ready for airdrop and military observers organized proceed immediately Republic's pockets resistance by day truce signed. (Three states can spare maximum five officers *Renville* assist this task.) Dutch stated they expect Republic immediately turn over hundreds Japanese and any Germans now in their service for repatriation, also 3 Australian Army officers and 400 or 500 Indians from British Army now in TNI. We expressed hope Netherlands would take up problem Indians and Australians through diplomatic channels, not officially

<sup>1</sup> Glenn A. Abbey, Consul at Batavia and member of U.S. delegation to GOC.

through GOC. Dutch agreeable and may permit any Indians so desiring remain in civil occupations. [Ogburn.]

LIVENGOOD

501.BC Indonesia/1-1148: Telegram

*The Secretary of State to the Embassy in the Netherlands*<sup>1</sup>

SECRET US URGENT

WASHINGTON, January 13, 1948—6 p. m.

13. Dept in receipt urtels 16 Jan 11 and 22 Jan 12.<sup>2</sup> Re Prime Minister's public statement on Indonesian question, Dept fully agrees your suggestion (para 1 urtel 22) that reference to Dept be omitted.

At your discretion, you may inform FonOff Dept's gratification prompt acceptance by Neth Govt "6 points" contained GOC's proposals; that Dept considers overall GOC proposals for truce and political settlement sound, equitable and practicable, and that accordingly Dept is as much concerned that Indo-Republic accept as that Neth Govt accept. Graham now energetically pressing Indo acceptance at Djocjakarta.

Re FonOff's interpretation remarks Dept officials concerning ERP and Indonesian reconstruction financing, you may your discretion inform FonOff that Dept officials stated that failure Neth Govt favorably to consider proposals would seriously affect consideration by Dept problem financial aid Indonesia, but did not state or imply that ERP assistance would be denied as result failure Neth Govt accept GOC proposals.

Re implementation cease fire agreement, Dept understands, and so informed Helb and Schiff,<sup>3</sup> that political "6 points" integral part of GOC proposals which include military truce. Dept therefore expects immediate implementation of truce upon acceptance overall agreement by parties.<sup>4</sup>

MARSHALL

<sup>1</sup> Repeated as 17 to Batavia (47 for Graham).

<sup>2</sup> Neither printed.

<sup>3</sup> Emile Schiff, 2nd Secretary of the Netherlands Embassy.

<sup>4</sup> Telegram 51, January 15, 9 p. m., Graham's 95, from Batavia, reported Indonesian acceptance of the truce plan. (501.BC Indonesia/1-1548) Telegram 19, January 16, 6 p. m., to Batavia, conveyed the warm congratulations of the Secretary of State to Dr. Graham.

501.BC Indonesia/1-1748: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

US URGENT

BATAVIA, January 17, 1948.

53. Graham 96. On basis decision taken yesterday afternoon, GOC this morning sent following telegram to Press Security Council.

"Committee Good Offices wishes announce that the delegations of Republic of Indonesia and Netherlands will sign truce agreement at fourth plenary meeting at 1430 hours on 17 January on board USS *Renville*. Two hours later identical cease-fire orders and regulations are to go out to armed forces both parties. Immediately after signature truce agreement, parties will sign agreement on 12 political principle[s] which are to form agreed basis for discussions for settlement dispute. Further, 6 political principles will be presented by committee to parties at same meeting with request that both parties state their replies within 48 hours. Discussions for political settlement will commence immediately. Committee Good Offices intends completing interim report its activities shortly after signature truce agreement. Kirby, Van Zeeland, Graham and secretary preparing leave for Lake Success. Expected date arrival 31 January. They intend be at disposal Security Council in view possible early discussion foregoing developments Indonesian question". [Graham.]

LIVENGOOD

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501.BC Indonesia/1-1948 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, January 19, 1948—10 a. m.

57. From Graham 98. Republic acceptance truce plan much more difficult obtain than USDel had expected on basis Dutch acceptance 6 political principles. Atmosphere during 4-days GOC spent Djocja extremely tense with fate whole program in balance most of time. Australian Delegation believed through January 13 Republic would reject. In addition, GOC meetings with Republic Government and party leaders, Graham had personal meetings with Soekarno alone and with Sjarifuddin, Hatta, and Setiadjit (whom with Sjahrir Graham considers 5 ablest Republicans) and gave hour lecture to Soekarno and Cabinet, taking strong position regarding opportunity for Republic recovery offered by political principles, which "constitute challenge to Republic leadership". Van Zeeland exerted self to moderate Dutch attitude at crucial points. Critchley and Brooks obviously much disappointed by Republic acceptance, which contrary their estimates situation and which they believed against Republic interests, and have made clear their resentment of what they consider pressuring of Republic. Since die cast, however, Kirby has risen to occasion and made best of situation.

Nehru, on basis analysis of situation sent him by Naryanan, sent personal message Soekarno stating his view that proposals promised



best possible settlement for Republic. Indian Consul General, who delivered message, had also urged acceptance. In response query, Soekarno was assured US would support decisions taken by GOC.

Re 3 points mentioned mytel 94,<sup>1</sup> Republic found Netherlands replies satisfactory after additional statements clarifying replies were made by GOC at meeting with Republic Government morning January 15. [Graham.]

LIVENGOOD

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<sup>1</sup> Telegram 47, January 15, 9 a. m., from Batavia, not printed.

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501.BC Indonesia/1-1948: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

BATAVIA, January 19, 1948.

60. Graham 105. Presentation of truce plan and associated documents by GOC and signing by NethDel and IndoDel took place as scheduled in *Renville* January 17 (full texts all documents,<sup>1</sup> as requested by Rusk, telegraphed to Department via Navy channels in mytels 99 through 103<sup>2</sup>). Fore deck thronged for ceremonies. Heads all five delegations spoke briefly, expressing restrained optimism and recognizing formidable difficulties ahead. Abdul Kadir<sup>3</sup> and Sjarifuddin praised efforts GOC. Former accented need for putting end to unrest and destruction and substituting peace, order, production and reconstruction. Latter emphasized Repub's need of assistance from both Netherlands and GOC in gaining opportunity for disseminating ideas and principles throughout Archipelago in order gain understanding for its political and economic progress. (Texts 5 speeches airmailed.<sup>4</sup>) Spoor and Soedirman<sup>5</sup> spoke on radio evening January 17, Spoor emphasizing importance display self-control, patience and tact by troops, Soedirman confining himself largely to reading cease-fire instruction. Sukarno also spoke on Joca radio, stating Repub had accepted agreement because of guarantees her ideals could now be attained by peaceful means.

LIVENGOOD

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<sup>1</sup> For texts, see Department of State *Bulletin*, March 14, 1948, pp. 334-336.

<sup>2</sup> Telegrams not printed.

<sup>3</sup> Raden Abdul Kadir Widjojoatmodjo, Chairman of the Netherlands delegation to GOC; he was Director General of General Affairs at Batavia.

<sup>4</sup> Not printed.

<sup>5</sup> Commander in Chief of Indonesian armed forces.

501.BC Indonesia/1-2148: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

CONFIDENTIAL

BATAVIA, January 21, 1948—11 a. m.

64. Graham No. 108. At January 19 plenary session in *Renville*, replies received to 6 political principles from NethDel (mytel 104<sup>2</sup>) and IndoDel. Latter stated IndoDel agreed to 6 principles on strength of conceptions and clarifications given by GOC to IndoDel at formal meeting at Kaliurang (Djocja) January 13 and which were recorded in official minutes and conceptions and clarifications contained in statement made by GOC in *Renville* January 17.

Private reaction NethDel, who had not seen record Kaliurang meeting, most unfavorable. Vredenburg charged IndoDel reply was conditional acceptance and therefore did not meet conditions of unqualified acceptance which had been required of NethDel. USDel conversations with IndoDel after meeting failed produce satisfactory clarification IndoDel reply.

Following day, after studying record Kaliurang meeting, Vredenburg expressed to USDel even stronger dissatisfaction, taking view that IndoDel had in effect not accepted 6 principles. He drew attention to several statements made by members GOC to Republic of meeting in question which in Netherlands view were quite unacceptable and at variance with principles themselves. These chiefly involved replies to question by Roem<sup>3</sup> whether in opinion GOC continuance by Republic of its present foreign relations would amount contravention of 6 principles. Kirby had answered that nothing in 6 principles would prevent Republic from carrying on in way it had been carrying on until something to contrary was agreed on by parties. Van Zeeland has stated there was nothing in first of 6 principles which touched present status Republic. Vredenburg took view GOC in eagerness to obtain agreement had most reprehensibly misled Republic, pointing to Republic-Egyptian agreement just concluded, and expressed severest criticism GOC methods. However, he clearly wished prevent blowup of truce agreement and stated he was sending pertinent documents to Hague by airmail rather than telegram in order give GOC time rectify situation before official Netherlands comments presented.

USDel most concerned by situation created by IndoDel reply. Critchley agrees best solution is prevail upon Republic submit new reply accepting 6 principles unconditionally on understanding GOC would make public its clarifications on basis such clarifications would

<sup>1</sup> Repeated in telegram 26, January 23, 6 p. m., to The Hague.

<sup>2</sup> January 19, not printed.

<sup>3</sup> Mohammed Roem, member of Indonesian delegation to GOC.

be binding on either party. USDel hopes clarifications may be drafted so as meet agreement both sides, believing record Kaliurang meeting, which very incomplete, is misleading with respect what was actually said. Question Republic's foreign representatives will be most difficult however since both parties attach greatest importance this matter. Problem will probably be one of working out *modus vivendi* enabling Republic recall its representatives gradually and without loss face or of changing their status to satisfy Netherlands.

LIVENGOOD

501.BC Indonesia/1-2348 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

CONFIDENTIAL

WASHINGTON, January 23, 1948—4 p. m.

US URGENT

26. No. 51 for Graham. Dept seriously concerned over differences arising (urtel 108 Jan 21, Congentel 68 Jan 22<sup>1</sup>) from IndoDel conditional acceptance of 6 principles. In view Dept's insistence on unconditional acceptance principles by Neth, Dept believes best hope for success further negotiation lies in a formal "unqualified acceptance" 6 principles by IndoDel to be followed by agreement on interpretations based on objectives similar to those suggested last 2 sentences urtel 108. Any settlement, however, agreeable both parties of course satisfactory.

We believe you should remain in Batavia until this problem is resolved using your influence to encourage utmost cooperation by both sides. (Urtel 109 Jan 21, Congentel 65<sup>2</sup>)

Dept has assumed you would not be available to undertake further GOC assignment after your report to SC. We are arranging for your successor in Batavia during remainder negotiations involving GOC. This officer will be prepared to depart for Batavia within near future. If you adhere to present schedule he would delay departure until your arrival Lake Success in order to confer with you. If latest development effects delay your departure from Batavia long enough to enable him to arrive for a few days before you leave, he would depart Washington promptly.

For your own private information Dept contemplates appointment of Coert du Bois but final arrangements not completed.<sup>3</sup>

LOVETT

<sup>1</sup> Latter not printed.

<sup>2</sup> Not printed.

<sup>3</sup> On February 26 the Secretary of State wrote Mr. du Bois that, as U.S. representative on GOC, he would have the personal rank of Minister. (501.BC Indonesia/2-2648)



501.BC Indonesia/1-2548 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

PRIORITY

BATAVIA, January 25, 1948.

Graham 114. Following is text of GOC press statement released evening January 25.

"The Committee of Good Offices wishes to make clear that the delegation of the Netherlands and the delegation of the Republic have both accepted unconditionally as an agreed basis for the political negotiation the 6 principles presented by the Committee at the preliminary meeting on board the USS *Renville* on 17 January. Because of the recent misunderstanding arising from the letter of the Republican delegation concerning these principles made public at the preliminary meeting on 19 January,<sup>2</sup> the committee discussed the question in Jogjakarta today with members of the Republican Government. After these discussions, the President of the Republic addressed the following letter to the chairman of the committee.

'I have the honor to state the position the Republic of Indonesia has taken with regard to the 6 political principles as set out in S/WR 10/Conf2/4 (mytel 102, January 19<sup>3</sup>) and which form together with the 12 principles agreed upon on January 17, 1948 a basis for reaching a political settlement.<sup>4</sup>

The Government of the Republic of Indonesia has accepted these 6 political principles unconditionally as was stated in the letter of the delegation of the Republic of Indonesia on January 15.<sup>5</sup>

As did the Netherlands Government, the Government of the Republic of Indonesia reserves its right comment subsequently on any of the principles. Also to refer to any matters connected with these principles which considers appropriate.'<sup>6</sup>

The committee expects that the negotiations between the 2 delegations will be resumed on Wednesday, 28 January, or as soon thereafter as the US aircraft is available to transport the Republic delegation from Jogjakarta".

[LIVENGOOD]

<sup>1</sup> Repeated in telegram 30, January 26, to The Hague.

<sup>2</sup> For text, see SC, *3rd yr., Spec. Suppl. No. 1*, p. 67.

<sup>3</sup> Telegram not printed.

<sup>4</sup> For text, see SC, *3rd yr., Spec. Suppl. No. 1*, p. 76.

<sup>5</sup> For text of letter, see *ibid.*, p. 75.

<sup>6</sup> In telegram 72, January 26, from Batavia (Graham 115), it was explained that the letter was not quoted in the press statement which "merely stated 'the President of the Republic addressed a letter to the chairman of the committee stating that the Government of the Republic of Indonesia accepted the 6 political principles unconditionally' ". (501.BC Indonesia/1-2648) On January 23 the cabinet headed by Prime Minister Sjarifuddin resigned, and Vice President Hatta was requested to form a new cabinet; the latter was announced February 2, with Hadji Agoes Salim as Minister for Foreign Affairs.

501.BC Indonesia/1-2848 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, January 28, 1948—9 a. m.

80. From Graham No. 119. Mytel 109, January 21.<sup>1</sup> Draft report to SC completed *Renville* last week is simple, factual, chronological account negotiations leading *Renville* Agreement with relevant documents annexed, including Xmas program and parties replies thereto.<sup>2</sup> (Vredenburg hoped Xmas program could be excluded but understood it certain be brought up in SC discussions any event.) As far as it goes, draft report noncontroversial and likely be adopted by GOC with little change. Question inclusion reports of Madura and Rawagedeh inquiries remains unsettled, however: three Madura reports exist, one by each delegation. AusDel report is same as USDel report (which composed by Brandis<sup>3</sup> as US civil adviser on team) but with constructions placed on evidence charging Dutch violations SC resolution. US report, while presenting Dutch case fully, makes plain Dutch had not even landed Madura on August 1 and against nominal opposition brought bulk of island under control after August 4. Report exposes serious doubt justifications for action cited by Dutch and leaves no question that main Dutch operations on island took place after arrival GOC. Belgian report composed by Van der Stidhelen, largely at variance with other two. Brandis will give Department copy his report on arrival, about January 29, and explain extraordinary confusion characterizing efforts produce single agreed report.

Rawagedeh report agreed on by GOC as whole and is probably even more damaging to Dutch than US and Australian Madura reports. Highlights given mytel 87, January 8.<sup>1</sup>

AusDel taking view no report to SC omitting these reports will be satisfactory to them.

USDel inclined to position Madura and Rawagedeh reports should for present be retained in GOC records for inclusion later SC report but be excluded from current report on grounds that (1) reports of two enquiries alone can have only most limited value in clarifying situation here; (2) both enquiries here undertaken at Republic's request, although Dutch stated they also wished Madura investigated and (3) discussion on reports in SC could lead only new waves of recriminations and charges and countercharges of atrocities which might seriously jeopardize truce and by involving GOC greatly impair its usefulness.

<sup>1</sup> Not printed.

<sup>2</sup> For text of GOC's 1st interim report, submitted on February 10 to the Security Council, see doc. S/649/Rev. 1, SC, 3rd yr., Spec. Suppl. No. 1, pp. 1-77.

<sup>3</sup> Henry P. Brandis, Professor of Law, University of North Carolina, was personal assistant to Dr. Graham.

Final decision may not be reached until three representatives GOC meet Lake Success. [Graham.]

LIVENGOOD

501.BC Indonesia/1-2848 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, January 28, 1948—3 p. m.

83. Graham No. 120. Deptel 31, January 26.<sup>1</sup> Erroneous press report alleging Graham at Kaliurang meeting January 13, assured Republic it would have right to its own army, finances and foreign relations may be based (if based on anything) on following remarks concerning 6 principles:

1. In course meeting, Graham stated, "You note that Netherlands says one thing about your status and you say another. We don't have powers of arbitration as between the two claims. Whatever you are now, you are. Whatever it is, is regardless of these points. You might have in the political discussions negotiations with Netherlands Government about that".

2. At end meeting, Roem inquired whether in view GOC, "If Republic in interim period would continue her present foreign relations, would it not be a contravention of these principles?" Kirby made ill-advised reply that "again I express my opinion and my colleagues are free to express agreement or dissent, there is nothing in the acceptance of these principles which would prevent Republic from carry on until something to contrary is agreed between parties". Van Zeeland added, "I feel rather embarrassed because actually we did not go into consideration this definite matter. We concentrated our attention upon principles for future. What I wanted to concur in is that it is our intention to show why Article 1 does not touch present status Republic, whatever it may be". Graham then said, "yes, that is right".

Above quotes from stenographic notes, which just transcribed. Summary record which now corrected, originally rendered Graham's last remark as "Dr. Graham agreed with Justice Kirby and Mr. Van Zeeland"; he had no intention agreeing Kirby's remark.

Conceivably press report may have been based statement by Graham January 12 GOC meeting, at which neither party present, to effect that political principles formulated at present included all points in Linggadjati except organs of Netherlands-Indonesian Union, foreign relations, finance and internal security.

LIVENGOOD

<sup>1</sup> Not printed.



501.BC Indonesia/1-2948

*Memorandum of Conversation, by the Assistant Secretary of State for  
Political Affairs (Armour)<sup>1</sup>*

CONFIDENTIAL

[WASHINGTON,] January 29, 1948.

Participants: Mr. Norman J. O. Makin, Australian Ambassador  
Mr. Norman Armour, Assistant Secretary of State  
Mr. Alfred Stirling, Counselor, Australian Embassy  
Mr. Arthur Richards,<sup>2</sup> BC  
Mr. William S. B. Lacy,<sup>3</sup> SEA

The Australian Ambassador called at his request. He said that his Government had requested him to ask the United States to use its influence to the end that the Good Offices Committee continue its operations in Indonesia during the "interim period", during which time the final agreement between the Netherlands and the Indonesian Republic would be reached. I replied that it was my understanding that the political principles accepted by both parties as an agreed basis of a final political settlement provided that the Good Offices Committee should so continue.

Mr. Makin continued to say that his Government had requested that he ask the United States Government to use its influence to the end that the Indonesian Republic be placed in control of its own foreign trade, of foreign exchange resulting from such trade, and of its internal finances. Mr. Makin said that it was the view of his Government that the Indonesian Republic should enjoy the fruits of its own labors and that foreign exchange arising from the sale of commodities which they produced should be available to them and not to the Dutch, and that they should be permitted to use such foreign exchange in any way they felt desirable. I asked Mr. Makin if his remarks were directed to the position of the Indonesian Republic alone or whether his Government had in mind the United States of Indonesia of which the Republic, under the agreement, was one state. At this point Mr. Makin read his telegram of instructions which left no doubt that his Government had reference to the Indonesian Republic and not to the United States of Indonesia.

It was pointed out to Mr. Makin that the territory presently controlled by the Indonesian Republic was in fact a deficient area in respect of every exportable commodity with the exception of sugar, and that other products ordinarily moving in foreign trade were produced in territories now controlled by the Netherlands. Mr. Makin replied that he considered this situation should encourage the Dutch to be even more lenient with the Indonesian Republic.

<sup>1</sup> Initialed by the Secretary of State.

<sup>2</sup> Assistant Chief of the Division of British Commonwealth Affairs.

<sup>3</sup> Acting Assistant Chief of the Division of Southeast Asian Affairs.

I asked the Australian Ambassador to provide the Department with a note embodying his Government's views on the foregoing matter. Mr. Makin agreed to do so.<sup>4</sup>

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<sup>4</sup> Australian Embassy memorandum of January 30, not printed.

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501.BC Indonesia/1-3148: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, January 31, 1948—9 a. m.

92. Usdel No. 126.<sup>1</sup> Several critical points discussed in private talk we had with Riphagen, Vredenburg's adviser, January 27.

Riphagen called to protest statement by editor *Merdeka* that, in accordance GOC clarification, status Republic would remain as at present and therefore Republic would have own army, finance and foreign relations, which Aneta commented could be considered official standpoint Republic Government, according authoritative Republic sources. Riphagen contended this meant that despite paper agreement of Republic to 6 principles, actually there is no agreement on all important first principle and repeated Netherlands delegation's view GOC had seriously misled Republic by statement that acceptance principles would in no way change or modify status parties. In reply, we expressed view that (1) Netherlands no less than Republic would undoubtedly agree status Republic same after signing agreement as before, particularly since there no question Netherlands sovereign in NEI before as after agreement; (2) recognition that Republic has "status" in no way conflicts with recognition Netherlands sovereignty; (3) meaning first of 6 principles perfectly plain with respect sovereignty NEI and (4) if Republic considered its pre-*Renville* status characterized by degree of international identity, this misconception not surprising in view such definitely misleading phrases Linggadjati as "recognition of Republic of Indonesia" which not fault GOC. Riphagen held to opinion, however, that GOC had confirmed misconception on part Republic, which he stated still considered itself entitled foreign representation. We agreed January 13 Kaliurang meeting may have had misleading effect on Republic Government, but we informed Riphagen that in personal conversation January 25 we had pointed out to Sukarno that Netherlands sovereignty NEI universally recognized and had given opinion Republic hence not entitled foreign representation and further that Sukarno appeared recognize fact and to be agreeable to suggestion that situation created by Republic's present representatives overseas be dealt with on reasonable basis. We reiter-

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<sup>1</sup> Dr. Graham left Batavia on January 29 for New York to attend the Security Council meeting on Indonesia.

ated to Riphagen that Netherlands Delegation would be well advised display tact and patience and recommended it give GOC time work out some arrangement instead of forcing issue. Riphagen replied this all very well but position Netherlands Delegation respect Hague most awkward since it appeared basic issue Netherlands-Republic dispute still unsettled. In return, we called attention awkward aspects GOC position, suggesting particularly it would be helpful if Netherlands Foreign Office would not base on press reports its conceptions of what US representative had said. We refrained from pointing out that in recent charges of irregularities GOC conduct Kaliurang, Netherlands officials and press had conveniently forgotten GOC had arrived Kaliurang faced without time limit giving Republic 48 hours in which accept truce without qualification, failing which Dutch would resume freedom of action. We did, however, emphasize position of Republic Govt undoubtedly most awkward of all and that statements in Republic press alleging Republic right to own army, finance and foreign representation were probably ascribable Republic anxiety put as good face as possible on *Renville* Agreement, tangible gains from which would nearly all accrue to Dutch. This connection, we noted indications that GOC stock had sunk low with Republic. We added that any significant future gains Republic might make through agreement could arise only from provision for plebiscites and that sudden announcement of Madura plebiscite January 25, by which 95 percent Madurese voters favored separate status, understandably gave Republic nasty jolt and seemed to us, under peculiar circumstances in which it apparently held, well calculated discredit principles of plebiscite and add enormously to difficulties of Republic supporters of *Renville* Agreement. We also asked what we supposed to think when, after having heard Van Mook state plebiscite here would require months preparation, even if possible at all, and Koets describe proposal as "mad", we greeted by ostensibly full-blown plebiscite organized overnight. Riphagen clearly confused on this subject, admitted embarrassment, and stated that obviously long preparations must have been entailed while admitting he had not heard of project until result announced. He agreed Netherlands statement disassociating plebiscite from 6 principles would be helpful. (2 days later Aneta quoted NEI Govt spokesman as stating Madura plebiscite had nothing to do with plebiscite envisaged by GOC and parties.)

At conclusion, Riphagen requested suspension meetings for week owing exhaustion Netherlands Delegation. We agreed everyone in need rest.<sup>2</sup>

LIVENGOOD

<sup>2</sup> In telegram 55, February 9, 6 p. m., to Batavia (Usgoc 60), the Department commended the reply contained in telegram 92. (501.BC Indonesia/2-548)



501.BC Indonesia/1-3048

*Memorandum of Conversation, by the Acting Assistant Chief of the  
Division of Southeast Asian Affairs (Lacy)*

SECRET

[WASHINGTON,] February 4, 1948.

Participants: Mr. Alfred Stirling, Australian Embassy  
Mr. Arthur Richards, BC  
Mr. W. S. B. Lacy, SEA

Mr. Stirling called at his request. During the course of informal conversation I drew his attention to the memorandum addressed to Mr. Armour by the Australian Ambassador, copy of which is attached.<sup>1</sup> I told Mr. Stirling that the Department was somewhat confused by the approach to the implementation of the Dutch-Indonesian agreement suggested by the second paragraph of the memorandum. I pointed out to Mr. Stirling that the Department considered that principle no. 1 of the 6 principles accepted in identical terms by both parties, provides clear and unqualified sovereignty to the Netherlands in Indonesia during the interim period, beginning with the signing by both parties of the agreement and ending with the conferring by the Netherlands of sovereignty upon the United States of Indonesia; that following the termination of Netherlands sovereignty, the United States of Indonesia became the sovereign in the area. I pointed out that it was the view of the Department, therefore, that the control of external trade and of foreign exchange, necessarily a prerogative of the sovereign, rested during the interim period with the Netherlands, and after the termination of the interim period, with the United States of Indonesia, and that to repose such powers in the Indonesian Republic, or any other state constituting a part of the interim government or of the United States of Indonesia, was to hypothecate the agreement accepted by both parties.

I made it clear to Mr. Stirling that the United States Government was resolved to use its influence to the end that both parties give strict compliance to both the letter and the spirit of the agreement. In this connection, I referred confidentially to the position the Department had taken in respect to certain American business interests who had made an effort to secure monopolistic economic and financial rights in the Indonesian Republic and to the discreditable part which certain Indonesian Republican leaders had played in the negotiation of the contract between the Republic and the American interests.

I suggested to Mr. Stirling that it was possible that his Government had instructed its Embassy in Washington to approach the Department with the suggestion contained in the attached memorandum

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<sup>1</sup> Dated January 30, not printed.

before the Indonesian Republic had signified its unqualified acceptance of the 6 principles, and that the Republic's acceptance of the first principle might constrain his Government to reconsider its suggestion. Mr. Stirling acknowledged the possibility of this explanation and assured me that he would discuss the matter further with me after consulting his Ambassador and his Government at Canberra.

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501.BC Indonesia/2-448 : Telegram

*The Secretary of State to the Consulate General at Batavia*<sup>1</sup>

CONFIDENTIAL

WASHINGTON, February 4, 1948—6 p. m.

44. For Usgoc 57. Following GOC's statement prepared by Kirby, Graham, and van Zeeland New York and telegraphed to Neth Govt:<sup>2</sup>

"As a C of GO we think that it is our duty any time we are requested to do so by either party to state, with a view to achieving clarification, our understanding of our own suggestions as addressed to both parties.

In consequence, we think it useful to repeat or complete explanations and/or understandings given before, formally or informally, to both parties.

The C of GO was requested by both parties to go to Djokjakarta in January to inform fully the Republican Government of the meaning and purport of the proposals made or accepted by the Netherlands delegation, and to make one more effort to try to bring about an agreement between the parties.

Following a method often used by the Committee of Good Offices in relation with both parties, the Committee met with the Republican authorities, in Kalioerang on 13 January. Questions were asked by members of the Republican Delegation and answered impromptu by representatives of the Committee. Of course, the Committee can be committed only by its concerted views, duly expressed by itself. The Committee of Good Offices wishes to emphasize that the views of its individual representatives, as set out in the summary record of the meeting at Kalioerang, on 13 January obviously stand in an entirely different position from the Committee's concerted statement containing the 5 points (Document Reference) and cannot commit the Committee. The Committee's position has been stated clearly in document S/AC.10/Conf. 2/13 annexed.<sup>3</sup>

To meet the circumstances, and help bring the parties closer together, the Committee of Good Offices considered it its duty to express its own understandings of several matters, including the 6 principles which it sponsored. This was done by the document referred to (reference omitted). Those 5 points were communicated to the Republican authorities in the course of the exchange of views. As soon as mater-

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<sup>1</sup> Repeated in airgram A-30, February 9, to The Hague.

<sup>2</sup> For text, see SC, 3rd yr., *Special Suppl. No. 1*, p. 69.

<sup>3</sup> Not included in this telegram; for text of letter dated January 24, see *ibid.*, p. 71.

ially possible, they were unofficially communicated to a member of the Netherlands Delegation as a matter of information, it being understood that those points involved only the responsibility of the GOC, could not bind the parties, and did not require their agreement.

They were officially communicated to both parties on January 17 when the 6 principles were also officially presented to the parties, with a request that they accept them within 48 hours.

As far as those 5 plus 1 opinions are concerned, some misunderstanding temporarily arose; it centered on para. 2 of these opinions which reads <sup>4</sup> 'It has been established doctrine of the GOC that it had no power to define or determine the status of the parties. To the Committee of Good Offices the parties are what they are in the eyes of the Security Council, that is "Parties to the Indonesian dispute".'

The Committee of Good Offices could and would not go further without infringing upon the limits of the GO mission.

The acceptance by the Netherlands and the Republic of the 12 principles and the 6 further principles was unconditional and in identical terms. The statement of the 5 points contains the views of the Committee; it is not binding on the parties. The only documents binding on the parties are the truce agreement, the 12 principles and the 6 principles.

The parties have clearly shown their understanding of that position by their unconditional acceptance of these principles, an acceptance which, in the case of the Republic, was made after receipt of the letter referred to above (S/AC. 10/Conf. 2/13).

Any conclusions leading towards confirmation or denial of any right or *de facto* action by either party would be outside the clearly stated position of the GOC.

The Committee of Good Offices issues this statement to the parties to clear up any misunderstanding which, in regard to these matters, has arisen and to avoid in the future any such misunderstanding.

Consequently the Committee wants to emphasize that, today, the two parties have unconditionally and in identical terms accepted the 12 principles and the 6 principles as a basis for the coming discussions. The importance of those misunderstandings, happily cleared at present, dwindles, if compared with the essential elements obtained towards a just and lasting settlement, by the very agreement on the truce and the 18 principles. In that spirit, the Committee hopes that the parties will, from now on and without further delay, devote all their energies to the continuance and successful completion of the political negotiations.

MARSHALL

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<sup>4</sup> Quotation not telegraphed.

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856e.00/2-448

*The Consul General at Batavia (Livengood) to the Secretary of State*

No. 44

BATAVIA, February 4, 1948.

[Received February 17.]

SIR: I have the honor to inform the Department that on February 2, 1948, Vice President Hatta issued the following official statement:



"In connection with the signing of the *Renville* Agreement, the Government of the Republic herewith states that it has no objection if Republican officials and Republicans in general as representatives of the people will participate in conferences and elections, either active or passive, held by the Government in Dutch-occupied territories."

Enquiries received by the Republican Government from Republicans in Dutch-held territories regarding their participation in the forthcoming West Java Conference served as incentive for the issuance of the above-mentioned statement. One Republican official indicated to a member of this Consulate General's staff that as the conferences are going to be held anyway, the Republicans might just as well have their adherents present at least as observers.

Respectfully yours,

CHARLES A. LIVENGOOD

856d.00/2-1048

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*Memorandum to the Secretary of State*<sup>1</sup>

CONFIDENTIAL

[WASHINGTON,] February 10, 1948.

Subject: Proposed Meeting Between the Secretary and the Netherlands Ambassador Relating to the Indonesian Case

*Background*

The Good Offices Committee of the Security Council has succeeded, after spending three months in Indonesia, in bringing about a truce agreement between the Republic of Indonesia and the Netherlands Government. As an integral part of the agreement, both parties have accepted unconditionally as a basis for the permanent political settlement in Indonesia, six principles proposed to them by the Good Offices Committee. These principles include:

(1) Recognition of Netherlands sovereignty throughout Indonesia for a stated interval, after which the Netherlands agrees to transfer sovereignty to a United States of Indonesia which will be in equal partnership with the Kingdom of the Netherlands in a Netherlands-Indonesian union. The Republic of Indonesia will be a component state within the United States of Indonesia.

(2) Within not less than six months or more than a year after signing the permanent agreement, plebiscites, or other methods of free elections mutually agreed upon, will be held to determine whether the territories of Java, Madura, and Sumatra, the area over which the Dutch recognized the *de facto* authority of the Republic under the Linggadjati Agreement, will form a part of the Republic of Indonesia or become a part of some other state within the United States of Indonesia.

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<sup>1</sup> Submitted by the Directors of the Office of United Nations Affairs (Rusk), the Office of Far Eastern Affairs (Butterworth), and the Office of European Affairs (Hickerson).

(3) During negotiations for the political settlement and the holding of the plebiscite, either party may request the assistance of the Good Offices Committee. Both parties have agreed that in neither case will the other party interpose objection to such request.

(4) After the plebiscite, a constitutional convention will be convened to draft a constitution for the USI.

These principles were conceived in large part by the United States member of the Good Offices Committee, Dr. Frank Graham, and were submitted to the parties after their unanimous adoption by the Good Offices Committee.

The agreement reached represents an important achievement by the Security Council in a difficult and, until now, rapidly deteriorating situation. Without the Good Offices Committee, it seems highly unlikely that the parties would have succeeded in reaching a truce agreement, or any political settlement; indeed, it is not unlikely that the Republic of Indonesia would soon have been eliminated as a political factor in the Netherlands East Indies. The settlement, however, may be said to be largely favorable to the Dutch and as such represents several important compromises on the part of the Indonesian Republic. The Republic accepted a demarcation line which recognizes Dutch military advances after the Security Council cease-fire order of August 1, 1947. It also accepted as a *fait accompli* the creation of new states in territories formerly under the jurisdiction of the Republic which were established under Dutch auspices while the negotiations with the Good Offices Committee were in progress.

While these provisions were accepted by the Republic reluctantly, they did so largely because the agreement provided for plebiscites to determine the permanent status of the territories in question. Dr. Graham was instrumental in obtaining the unconditional acceptance of the Republic. The representatives of the Republic have in fact cooperated fully with the Good Offices Committee from the time of its arrival in Indonesia. Representatives of the Department of State informed the Netherlands Embassy of our hope that the Netherlands would interpose no objection or conditions to the agreement, and emphasized United States interest in a prompt and lasting settlement of the dispute. The Netherlands Government thereupon accepted unconditionally the principles proposed by the Good Offices Committee. While the agreement that has been reached represents the necessary first step in a lasting settlement, it will be fully effective only with the maximum cooperation by both parties. It is therefore essential that negotiations for the permanent agreement be entered into at once before any opportunity arises for exacerbation of the feelings of the parties. The negotiations should be concluded as quickly as possible and agreement signed within six weeks at the most. The Netherlands representatives in particular must show a degree of patience com-

mensurate with the gravity of the situation and the superior bargaining position of the Dutch.

Both sides have begun to make charges and counter-charges of violations of the truce agreement. Instances of Indonesian violation as charged by the Dutch, are numerous but for the purposes of this memorandum are not here enumerated. Recent telegrams from The Hague and Batavia have reported, however, Dutch actions which are not calculated to produce the maximum degree of harmony in the coming negotiations and if continued could have serious consequences for the outcome of the settlement. Batavia telegram #108 of February 5 (Tab 1)<sup>2</sup> indicates reports from The Hague that suggest the Department may not be fully behind Dr. Graham. Such reports might have the effect of undermining the influence of the United States Delegation in Indonesia. The Dutch, moreover, have shown reluctance to have additional British and Australian military observers in Indonesia. These observers are needed to assist in implementing the truce agreement. More serious, however, is the report of the United States military observers in Indonesia that Dutch forces have been engaged in large-scale killings at Rawagedeh (Batavia telegram #28, January 8, Tab 2) and the more recent report still unconfirmed (Batavia telegram #107, February 5, Tab 3) that Dutch forces have taken reprisals for the sabotage of railways by machine gunning the inhabitants of two villages.

Batavia telegram #112 of February 6 (Tab 4) reports a "constant stream of complaints, accusations, and vilifications of the Good Offices Committee by Netherlands official sources and press [which] <sup>3</sup> can only have the effect of seriously decreasing the chances of effectuating the truce".

### *Recommendations*

(1) That the Netherlands Ambassador be requested to call upon the Secretary, at which time the Secretary would emphasize the heavy responsibility already assumed by the United States in helping to settle the Indonesian dispute and the importance this Government attaches to immediate adoption of a permanent agreement. He would further emphasize that this Government is seriously concerned that the Netherlands and the Republic make every effort to accomplish this end without delay, within six weeks at the most, and without any substantial departure from the spirit of the principles proposed by the Good Offices Committee.

(2) That the Secretary emphasize that the principles agreed upon by the parties are in keeping with the policies of this Government, both individually and as a member of the United Nations, that the settle-

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<sup>2</sup> Telegrams cited not printed.

<sup>3</sup> Brackets in the original.



ment thus far achieved through United Nations machinery will be supported wholeheartedly by this Government in the Security Council, and that this Government would like to see the Netherlands also support it before the Security Council as a United Nations achievement. In standing behind this agreement, the United States Government considers it essential for a lasting settlement that the Republic remain as an entity in the United States of Indonesia.

(3) That the Secretary point out to the Ambassador that because of their superior tactical position the Dutch can make a very strong appeal to world opinion by showing more than average restraint in their dealings with the Republic and that in fact a far greater than halfway effort by the Dutch will be required if a successful settlement is to be reached and is to endure. As one of the original Members of the United Nations and as one of the leading democratic nations of the world, such efforts are not too much to expect of the Netherlands.

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501.BC Indonesia/2-1348 : Telegram

*The Secretary of State to the Consulate General at Batavia*

CONFIDENTIAL

WASHINGTON, February 13, 1948—2 p. m.

US URGENT

62. For Usgoc 65. Kirby and Graham have indicated to Dept that Indo Republican reps. Lake Success may attempt to raise before SC question of Republic's maintaining foreign reps. and control of foreign trade under *Renville* agreement. Dept hopes both Neth and Republic henceforth regard themselves as parties to agreement not parties to dispute, and accordingly, is anxious that both Neth and Republic avoid dilation Lake Success on controversial matters which can serve only to weaken acceptance agreement.

Neth Emb Wash has stated intention avoid discussion in SC Republican claim to foreign representation and control of foreign trade if Indo Republican reps. will avoid same. Dept prefers this and similar questions be discussed Batavia ensuing negotiations rather than Lake Success. Tel further explaining Dept's position this matter immediately following.

Suggest your discretion you place Republican reps. receipt foregoing views and suggest to them desirability appropriate instructions to Indo reps. Lake Success. SC discussion Indonesia scheduled Tuesday Feb 17 Wash time.<sup>1</sup>

Send Batavia as 62. Repeat The Hague as 51.

MARSHALL

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<sup>1</sup> Consideration of the Indonesian question by the United Nations Security Council was resumed on February 17 at the 247th meeting, Lake Success, New York; SC, 3rd yr., nos. 16-35, pp. 134 ff.

501.BC Indonesia/2-1348 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, February 13, 1948—3 p. m.

132. From Gocus No. 144. Riphagen called this morning to state that in view statements made by GOC (minus Van Zeeland) in February 12 press conference Lake Success, as reported today's Aneta, Vredenburg would not attend Steering Committee meeting scheduled this morning and saw absolutely no point, under circumstances, proceeding with political discussions. Riphagen stressed that Netherlands Delegate regarded press conference as very serious development and "much worse" than Kaliurang in that statements were made to press. He quoted Vredenburg as viewing whole interview as "fantastic" but called attention, as particularly objectionable, to statements that:

(1) The committee's "observing" of the plebiscite might well lead "supervision".

(2) Committee is forced also take up contact with autonomous parts future USI outside Java, Madura, Sumatra and Fortzamal [*sic*] so must be GOC;

(3) Question whether these autonomous parts to be regarded as "puppet govts" will be answered by plebiscite;

(4) Plebiscite cannot be withheld from population such territories if they request;

(5) 90 percent population present Republic territory could be expected vote for Republic;

(6) It could be expected SC would request GOC continue its works until USI formed.

Riphagen was obviously in upset state mind and admitted he did not know what to expect as result press conference. We of course made no comment and stated we could only inform Dept of Netherlands Delegates' views. He said that "strongest terms" would be justified.

Dept pass The Hague.<sup>1</sup>

LIVENGOOD

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<sup>1</sup> Repeated on February 13 to The Hague. In subsequent telegrams from Batavia and The Hague, it was recognized that off-the-record press remarks had been inaccurately reported to Batavia. (501.BC Indonesia/2-1448)

501.BC Indonesia/2-1348 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

US URGENT

WASHINGTON, February 13, 1948.

64. Usgoc 66. Following was released to press today:

President announced today resignation of Graham as US Rep on UNSC GOC. In tendering his resignation in order resume duties as President University North Carolina, Graham expressed his willing-

ness be available President or Secretary of State on call for service in field Indonesian affairs. President has accepted Graham resignation but has asked that it become effective after completion and presentation GOC Report to SC. Secretary of State has appointed Graham to be his Special Adviser on Indonesian affairs.

President also announced today he had sent to Senate nomination Coert duBois to succeed Graham as US Rep GOC. DuBois retired from Foreign Service May 1, 1945. Was US Consul General Batavia from 1927 to 1930 and was appointed by President in 1942 on Anglo-American Caribbean Commission. As US Rep GOC he will become member US Mission UN with personal rank Minister.<sup>1</sup>

Graham was appointed US Rep GOC Sept 30, 1947. Committee which consisted in addition Graham of Dr. Paul van Zeeland, Belgian Rep, and Mr. Justice Richard Kirby, Australian Rep, was successful in bringing about agreement between Netherlands and Republic Indonesia which involved both truce agreement for cessation hostilities and acceptance both parties of number political principles to provide basis permanent settlement, including provision for plebiscite in which people will have opportunity determine their future status within independent USI. GOC will continue mission Indonesia by assisting Representatives Republic and Netherlands in reaching definitive agreement based these principles.

Letters exchanged by Dr. Graham and the President follow: [Letters not printed.]

Sent to Batavia 64, repeated to The Hague 52.

LOVETT

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<sup>1</sup> In telegram 59, February 13, to New York (65 to Batavia and 53 to The Hague), the Department noted in addition that Mr. du Bois was "now en route Batavia authorized by President to serve as Acting Representative on Committee in Batavia."

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S56d.00/2-1348

*Memorandum of Conversation, by the Acting Assistant Chief of the Division of Southeast Asian Affairs (Lacy)*

CONFIDENTIAL

[WASHINGTON,] February 13, 1948.

Participants: Mr. W. D. Forsyth, Counselor, Australian Embassy  
Mr. Harding F. Bancroft, IS  
Mr. W. S. B. Lacy, SEA

Mr. Forsyth called at his request. He opened the conversation by explaining that the instructions of his government which prompted his call on me were not altogether clear and that the interpretations of them were his personal responsibility. Mr. Forsyth handed me a



list of points (copy attached) <sup>1</sup> upon which he said his government hoped to secure agreement from the Government of the United States.

During the course of conversation I made it clear that the Department (a) was deeply concerned that the stability and economic reconstruction of the area be achieved (b) agreed that the position of the Republic as an effective political entity should be preserved, but preserved as a member state in the interim government and, subsequently, in the sovereign United States of Indonesia (c) was determined that both parties comply with the letter and spirit of the *Renville* Agreement (d) agreed that the Good Offices Committee should supervise the plebiscites to be held at the end of the interim period (e) agreed that the powers of the Committee should be extended if necessary but should not be extended as a result of requests upon the Security Council or as a suggestion to either party, (I added that I thought the increase in the powers of the Committee should be an evolutionary process) (f) did not agree that the Republic should maintain control of its foreign trade or of its foreign representation. I said that I thought the Dutch were prepared to make no issue of the foreign representation matter and would be inclined to allow the Republic to liquidate its foreign representation in whatever way appeared necessary to save face.

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<sup>1</sup> Not printed.

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501.BC Indonesia/2-1548 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL      PRIORITY      BATAVIA, February 15, 1948—11 p. m.

136. Gocus 147. We saw Roem (Chairman Indo Delegation) morning February 15 and conveyed gist of Deptel 62, February 13 with respect possibility Indo representatives SC raising question foreign representatives and control of foreign trade. We emphasized that: (1) Parties have already reached agreement on important areas dispute and this very substantial accomplishment. (2) Final political settlement must arise from negotiations between parties here. (3) Debate in SC can only delay commencement political discussions. (4) We hoped Netherlands would not raise issues in SC leading to debate and believed Netherlands would not if assured Indos had no such intention.

Roem appreciated our point view and indicated he had assumed presentation report to SC would not give rise discussion controversial matters which he said also Sjahrir's view. He was agreeable our sug-

gestion message be sent Sastroadmidjojo (Indo representative SC) indicating this was Republic's desire. In reply his question whether we could expedite transmission such message, we offered telegraph it to Department for forwarding and he accepted suggestion. First message he drafted had no relevance. With some promptings from us, he redrafted message. Indonesian text, which Department is requested forward to Sastroadmidjojo, as follows:

[Here follows Indonesian text.]

Translation by UN interpreter, of which accuracy cannot be guaranteed, as follows:

"I hope in circles SC you will make known strong desire Indo Delegation that negotiations between Dutch and Indonesia will continue with speed toward speedy conclusion political agreement. We hope discussions concerning report GOC in SC will not cause delay in negotiations in Indonesia. See to it that Dutch Delegation does not act as it has before. Please transmit our salutations to GOC. [Mohammed Roem]"

This was most explicit instruction we could obtain. (Message was more explicit in oral translation by Roem.) Penultimate sentence refers alleged Dutch delaying tactics. Roem stated Sastroadmidjojo already instructed consult with GOC Lake Success regarding handling of case in SC. Roem indicated a further message will be forthcoming when he has consulted his government. Unserviceability US planes prevent his flying Jogja immediately but we hope a US Dakota bringing military observers will arrive in time fly him Jogja morning February 16. Roem authorized us convey to Dutch that Republic would refrain taking offensive in SC if Dutch would also refrain. (Dutch here now so informed.)

Roem inquired immediately upon arrival if reported appointment Graham as special adviser to Secretary Indonesian Affairs could be confirmed. Other members Indo Delegation have asked same question. All delighted by affirmative reply and expression of gratitude likely to be telegraphed Department from Jogja. According well-informed press representatives here, Graham enormously raised US prestige among Indos. His new appointment likely go far counteract let-down felt by Indos on his departure and shock occasioned by Department sponsoring lecture tour by Foote,<sup>1</sup> who Republic representatives fears may express policy inimical their interests.

LIVENGOOD

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<sup>1</sup> Walter A. Foote, Consul General at Batavia and chairman of consular committee until October 1, 1947. In telegram 73, February 19, 6 p. m., to Batavia, the Department replied that the tour was sponsored by the Commerce Department and would deal with trade, not political, matters.

856e.00/2-1848 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, February 18, 1948—11 a. m.

146. Much speculation and considerable misinformation in press as to comments on Hatta letter to Van Mook and latter's reply. Letters not yet made public but Consulate General given copies in strict confidence. Hatta's letter February 9 expressed opinion that establishment interim government would be one of best means to encourage settlement of affairs and stated Republican Government gladly willing cooperate and would appreciate if discussion that end could commence shortly.

Van Mook's reply February 12 referred to the second sentence of point one and to the second point of these principles signed on January 19, and said, "If, therefore, the idea expressed in your letter is in accordance with the aforementioned points, it is self-evident that there can only be a question about the formation of a pre-federal government for all Indonesia, when a political agreement has been reached with the Government of the Republic." He added, this condition was already made in a letter from chairman Indonesian delegation dated January 15. Finally, Van Mook quoted from statement by Netherlands Prime Minister to editor of *New Rotterdam* newspaper: "The Republican Government can only participate in the pre-federal government when a complete political agreement has been accomplished.

With regard to this point, it has appeared during the negotiations that the Republican and Netherlands Delegations share exactly the same view."

Copies of letters being airmailed.<sup>1</sup>

LIVENGOOD

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<sup>1</sup> Despatch 64, February 18, not printed.

856e.00/2-2048 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET

BATAVIA, February 20, 1948—1 p. m.

151. Despite *Renville* Agreement, our earlier estimates situation here with respect divergency Netherlands and Republic aims still sound and prospects achievement pacific settlement should be weighed accordingly.

It apparently generally agreed truce so far more successful than that of October 1946 and Roem states there less opposition in Republic to *Renville* Agreement than to Linggadjati. However, truce itself not

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<sup>1</sup> Repeated in telegram 64, February 24, 7 p. m., to The Hague.



popular. Republic, having lofty conception its virtues and desserts and extent to which it supported by liberal world opinion, is inclined to make much of its sacrifices. Having accepted truce on basis realization it could expect nothing better from SC, it may regard itself as victim power combination. Formation "presidential cabinet" is indication internal difficulties it experiencing. While Dutch obtained in truce everything they asked, they strongly inclined belief delay in SC action last August would have seen their troops Djogja and Republic menace crushed. Undoubtedly some elements both sides hankering fight it out. We believe Republic Government having made choice will do best to carry out truce but lacks power do so completely. While Dutch have ability, it by no means certain they would be greatly disappointed should truce fail under circumstances justifying further action against Republic. This combination not reassuring.

Dutch-Indo relations in psychological impasse created by conviction on part of both that other has not changed materially since 1940. Since Dutch hold major power, pattern immediate future will depend largely their intentions. Dutch attitude appears strongly colored by memory pre-war conditions and former submissiveness Indos and many seem convinced only government thwarts reestablishment traditional relationship with Indos. This relationship, in view of these groups, so exemplary that Republic movement appears not so much nationalist revolt as subversive conspiracy jointly promoted by Japan and Russia. These groups presumably expect formation independent USI would not greatly lessen traditional Indo dependence upon Dutch. Vredenburg states Liberals, of whom he is representative, would never participate reestablishment colonial rule. However, his insistence that there not one honest man in Republic Government (except Leimena) and that only method dealing with Republic is by taking firm negative stand respect its demands seems scarcely more promising than attitude diehards. Elimination Republic as force Indonesia would unquestionably be regarded by Dutch as most favorable possible development. (Lack any mention Republic in Queen's speech undoubtedly significant.) Should Netherlands delegate, in consequence, prove determined reduce Republic in interim period to completely dependent status other regards, particularly if they insist Republic give up armed forces, truce will collapse. Truce would also probably crumble should Netherlands delegate indefinitely delay conclusion political agreement (which Indo delegate fears) thus depriving Republic of benefits six principles. Nature of Van Mook's reply to Hatta proposal that Republic enter interim government will probably throw light Netherlands intentions this respect.

Vredenburg states if Republic could swallow truce, it could swallow anything. We believe if Republic convinced it will achieve in long

run aim of independent Indonesia in which it will have fair chance play due part, it can indeed make further concessions to Dutch in short run with respect status armed forces, foreign representatives, finances, etc. If Dutch intend create independent USI in which they have guiding role (which is necessary), it is essential in short run period ahead they win confidence and trust Republic since Republic remains main channel expression nationalist forces and, at least in comparison hot house regimes other Indo states, is government capable standing own feet.

For Dutch to succeed in policy conciliation, Republic would require great skill and patience their part dealing with Republic leaders, who noted unrealistic, visionary, demanding and even childish. However, we believe these leaders generally sufficiently impressionable to respond acts genuine friendship by Dutch and courtesies and respect shown them. Republic badly needs reassurance Dutch intentions. If new atmosphere to be created, initiative must come from Dutch since they have the upper hand. In particular Dutch must demonstrate soonest they intend establish conditions free speech, assembly and publication in order give Republic fair chance in plebiscite, on which Republic believed relying heavily. Unquestionably it to Dutch advantage for Republic look to plebiscite as its main defence rather than to maintenance full strength "national" army.

Foreign representatives. Obviously Dutch attitude this question must be based effectiveness truce. However, generous attitude on part Dutch should go far in making truce success.

Greatest immediate danger arises from likelihood Dutch have allowed selves be misled by weakness Republic Government and TNI (which not really an army) into underestimating strength movement behind Republic, which while not yet deeply involving mass Indos cannot be bottled up. While Dutch could win military victory any time, Republic forces even if dispersed would retain capability inflicting continuing critical damage to productive facilities Indonesia and might be able through acts destruction and murder render country indefinitely economic liability to Netherlands. Should such showdown by force eventuate and Netherlands prove unable deal with sabotage and intimidation except through reprisals on pattern ravaged land Losari (ourtel 130<sup>2</sup>), ground would be prepared for eventual revolt on scale probably precluding further cooperation Dutch and Indos.

Telegram follows on our views concerning methods applicable to settlement dispute.

LIVENGOOD

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<sup>2</sup> Not printed.

856e.00/2-2048 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET

BATAVIA, February 20, 1948—3 p. m.

152. Past month has seen no progress here except in direction implementation truce and establishment procedure for conference. Indo Delegation seems have only vague stand most general notions of steps to be taken for reaching political agreement though is most eager hasten process. Netherlands Delegation has been bogged down in complexities of problem and is now awaiting conclusion Vredenburg's consultations in Hague. We increasingly concerned and have now concluded negotiations would be endless if dependent upon across the table discussions with parties utilizing intermediacy GOC and starting from scratch.

In place such negotiations, we feel situation calls for formulation by Netherlands of complete plan for interim provisional federal government USI and statement conditions and terms upon which Republic would be admitted participation. Acceptance by Republic and its entry into interim government would be equivalent and take place of political agreement. Role GOC would be (1) assist settlement practical problems arising in period before admission Republic to interim government and (2) assist in discussions between parties on conditions and terms proposed by Netherlands with view obtaining agreement. Our opinion, GOC could have further and extremely important role in assisting parties agree form eventual Netherlands-Indo union, since relationship parties in future will be on this level, not on level of states in USI.

While not intending at present discuss these views with other delegations, USDel has touched on them with Vredenburg and gone fully over whole matter along above lines with Riphagen, pointing out:

(1) USDel wished him realize that in its view issuance Netherlands plan for interim government and terms Republic participation is what entire situation now waiting on;

(2) Netherlands should have anticipated this phase months ago and have been fully prepared;

(3) USDel believed it possible arrive at plan interim government USI and conditions Republic participation which could conform essential interests both parties;

(4) USDel wanted opportunity for detailed consideration Netherlands proposals before their submission GOC and Republic and would state frankly what modifications or revisions it believed would be

<sup>1</sup> Repeated in telegram 64, February 24, 7 p. m., to The Hague. The Department added it "considered precipitous action Vredenburg abrogating political discussions Batavia on basis Aneta press report (Batavia's 132 Feb 13 to Dept rptd Hague) indicative his disposition to seize upon any event as pretext for delaying implementation Renville agreement."



necessary to make them acceptable Republic, taking account political realities of situation;

(5) Both conditions for initiation political discussion had now been met, in that implementation truce was increasingly effective and procedure for conference had been established, and hence onus any further delay must rest on Netherlands;

(6) USDel considered preposterous Vredenburg's estimate that political negotiations might take 6 months and we must be able foresee time not too far off when GOC could state to Republic that proposals for interim government and Republic's entry therein were most favorable obtainable and that Republic would either have to accept or reject and resign itself departure GOC.

Riphagen, while stating Netherlands wished form of Netherlands-Indo union be negotiated concurrently, was obviously encouraged by views expressed although he not yet prepared discuss them. He admitted that Netherlands had failed anticipate truce and had made no preparation for current stage developments, which was why Vredenburg returned Hague.

In connection above, Neher<sup>2</sup> in long talk with Dubois February 20, expressed view that quickest way arrive at universally desired objective, namely formation USI, was through inclusion Republic representatives in interim government. Purpose Neher's visit was clearly to set forth his views this subject. He stated once Republic leaders wholeheartedly accepted idea Republic is *Negara* without pretensions of sovereignty, they would be welcomed in Cabinet provisional interim government and be accorded 3 places. In reply Dubois query whether 4th place could be offered if essential, Neher stated, "We wouldn't let plan fail if that necessary". He indicated Dutch wanted help Indo brains in Republic government and named Hatta, Sjahrir and Leimena as Republic leaders who would be welcome, hinting Dutch would be willing use influence make Sjahrir Foreign Minister. He further offered opinion GOC with its elaborate methods could operate till doomsday without result formation USI and expressed hope Dubois would [act?] as his and Van Mook's Ambassador in requesting help Republic leaders creation USI in conveying message good will.

Above represents first open Dutch acknowledgment in USDel's experience that Republic leaders could make valuable contribution to USI and is most hopeful sign. Neher did not touch on status Republic in interim government but indicated he looked forward earliest creation USI. His visit believed unrelated USDel talks with Riphagen. Dubois had impression Neher eager accomplish mission before return Vredenburg who heretofore by no means anxious effect Republic's early participation interim government.

LIVENGOOD

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<sup>2</sup> Netherlands Minister of Reconstruction.

501.BC Indonesia/2-2448: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

CONFIDENTIAL

BATAVIA, February 24, 1948—3 p. m.

157. Gocus No. 160. Dubois flew Djocja February 22 for courtesy visit. Soekarno ill, but Hatta had requested Dubois come anyway see him and Sjarifuddin.

Hatta in personal talk (1) agreed formation USI immediate and important objective; (2) stated Republic required specific assurances regarding terms its entry interim government and its status interim period; (3) reported his understanding that Van Mook was about make speech slamming door on Republic participation interim government prior political settlement; (4) observed Netherlands Ministry in Hague had announced sovereignty would rest in union, not USI; (5) made clear he quite straight on question present sovereignty NEI, that some of his colleagues had got away from him but that with time and help he could bring them in line; and (6) described as program his government the (a) carrying out of *Renville* agreement, (b) preparation creation USI with January 1, 1949, as target date, and (c) rehabilitation of his country.

Dubois conveyed Neher's message in detail (ourtel 157 [152], February 27 [20]), advised Hatta not sorry about statement by Netherlands Cabinet Minister regarding ultimate sovereignty Indonesia, and stated he would convey Hatta's ideas to Neher and endeavor clarify what appeared conflict views Neher and Van Mook. Dubois also stressed Republic's opportunity and responsibility in connection formation USI, in which welfare all Indonesia should be prime objective.

Later at official dinner, Dubois had talk on same lines with Sjarifuddin, who, while no longer in government or Indonesian delegation, appears retain considerable influence and to be on good terms Hatta and to share his views completely, particularly as to question of sovereignty. Dubois favorably impressed by both men but considers Sjarifuddin clearer thinker.

Ogburn, who accompanied Dubois, had talk with members Indonesian delegation, who appeared equally eager Republic's early entry interim government, with stipulation that negotiations to this end include settlement organization USI and form Netherlands-Indonesian union. Roem appeared more interested immediate practical problems. He much concerned fate some thousand Republic village headmen and hundreds sub-district heads allegedly in pockets now evacuated by Republic troops, stating Republic had instructed these officials co-

<sup>1</sup> Repeated in telegram 68, February 25, 5 p. m., to The Hague.

operate with Dutch but that he feared Dutch would resolve [*rebuff?*] them. In connection Republic plebiscite movement (ourtel 154, February 19<sup>2</sup>) he claimed Dutch had forbidden Republic meeting at Bandoeng, had surrounded meeting at Bekasi with cordon armed soldiers and had beaten up Indonesians attempting hold meeting at Tandjongpriok. He intends reporting these incidents GOC. All Indonesian delegations most unhappy regarding impending formation West Java and Madura states, to which they have called attention to GOC as violation *Renville* Agreement.

Ogburn on later occasion stated he hoped carrying out of truce would soon be sufficiently successful enable parties devote selves consideration substantive matters and this connection referred provocative phraseology and content some broadcasts by Republic reported by Netherlands delegation (ourtel 159 [154], February 21). He also, as separate matter, referred Nusantara broadcast asserting American imperialism had taken over in Indonesia as unwarranted statement scarcely calculated be helpful. Roem declared he currently discussing these matters with Minister Information, with special reference radio Nusantara at Kediri.

Tank traps and obstacles on approaches Djocja now eliminated as result truce.

Dubois to see Van Mook and Neher tonight.

LIVENGOOD

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<sup>2</sup> Not printed.

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501.BC Indonesia/2-2548 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET URGENT

BATAVIA, February 25, 1948—4 p. m.

163. Gocus No. 162. Captain MacNeil, US Military Observer, and Major Rousset, French Marine Military Observer, returned Batavia from Djambi area (in Republic territory) with urgent information as follows:

Djambi area and oil fields are under control Communist leaders supported by Communist union of oil field workers and presumably financed by smuggling trade in oil and rubber with Singapore. Colonel Abundjani, local TNI commander, states he cannot control oil fields or "organized peoples forces", which is apparently militant arm of Communists in area, and that there are disaffections among his officers and men. Apparently he also lacks control over his "political advisers". Communist symbols and slogans much in evidence in area, especially "better in flames than be colonized". Military Observers, restrained from visiting many areas, in one case physically by TNI officer, and al-



lowed see only two oil wells. According reports received by Military Observers, fields are prepared for demolition. MacNeil states that oil, which is parafine base, is under tremendous pressure, and that for complete destruction fields it necessary only to blow tops wells, releasing 330 gushers which could be ignited with match. Principal areas included are Kenaliassam, Tembino and Bedjoebang, all in neighborhood Djambi.

Abundjani states he would be willing allow Dutch return and work fields under Republic Government but that under circumstances he sending his family to Bukitinggi.

Above information conveyed so far only to USDel and Colonel Morizon, senior French Military Observer.

More to follow.<sup>1</sup>

LIVENGOOD

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<sup>1</sup>Telegram 169, February 27, 8 a. m., from Batavia (not printed), reported consultation with Netherlands and Indonesian authorities. The Department commended the action taken (telegram 86, March 1, 7 p. m., to Batavia). (501.BC Indonesia/2-2748, 3-148)

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501.BC Indonesia/2-2548 : Telegram

*The Secretary of State to the United States Representative at the United Nations (Austin)*

CONFIDENTIAL

WASHINGTON, February 25, 1948—8 p. m.

91. Following considerations of Dept policy for your guidance in Indonesian case:

1. Dept wishes to avoid casting any doubt on our firm support of *Renville* political principles. In this connection we consider it of utmost importance that Indonesia Republic's confidence in US be maintained.

2. We regard as an essential of political principles [a] provision for plebiscites in all territory formerly held by Republic and therefore consider any new state in West Java as subject to future plebiscite after period of freedom of discussion.

3. We regard GOC as being enabled by original resolution of Aug. 25 to make suggestions without first awaiting assent of parties as well as to make public such suggestions by reporting to SC. SC debates indicate this as general sense of Council. We also believe GOC has such additional powers as parties themselves request. Therefore in voting on any resolutions before SC we would favor affirmative vote where functions of GOC are not enlarged beyond above scope. We would not wish to abstain or vote against any resolution because of fears of either party that the other will abuse a power which GOC already has.

In keeping with above considerations you should vote affirmatively for Colombian amendment to Canadian resolution.<sup>1</sup>

As to Australian amendment,<sup>2</sup> although Dept does not favor GOC publishing its suggestions without consent of parties, Dept is anxious to avoid taking any position which would diminish Indonesian confidence GOC or indicate partiality of US position as member GOC. You should therefore abstain or in your discretion vote against Australian amendment.<sup>3</sup>

Repeated to Batavia for DuBois as 80, and to The Hague as 71.

MARSHALL

<sup>1</sup> For text, see 252nd meeting, February 21, SC, 3rd yr., nos. 16-35, p. 253, for Colombian amendment (S/682) to Canadian draft (S/678).

<sup>2</sup> For text of Australian amendment, see *ibid.*, p. 254.

<sup>3</sup> For statement to the Security Council at its 259th meeting, February 28, see *ibid.*, p. 377. This statement was sent in telegram 227, February 29, 4:55 p. m., from New York, and repeated in telegram 83, March 2, to The Hague.

501.BC Indonesia/2-2648: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

CONFIDENTIAL

BATAVIA, February 26, 1948—11 a. m.

166. Gocus 163. Dubois had 2 hour talk with Van Mook and Neher at dinner last night. Dubois conveyed gist his meeting with Hatta and Sjarifuddin (ourtel 160, February 24) and Van Mook agreed invite both meet him here. While on basis previous meeting Van Mook doubted value further talks, he stated he willing try again provided Repub representatives pass up opportunity indulge political phrase-making and focus discussion on realities of situation, with special reference questions of armed forces, foreign representation, currency and foreign trade. Dubois replied he believed Repub leaders had no false concepts regarding sovereignty but that in this respect they in position having bear by tail, that Sjarifuddin had expressed desire return idle Repub Army to productive work, that he personally hoped reduction armed forces could be first point in political discussions and believed demobilization ten companies on each side would be cheered in UN. Regarding other questions, he expressed belief Repub withdrawal from sovereign position it had taken these respects could best be obtained by presenting demands in palatable form and that he would like present memo giving USDel's views as to how this might be accomplished. Van Mook agreed consider memo. Dubois this connection mentioned Repub need material aid, partly medical supplies. Van Mook replied that last medical supplies provided for Repub were seized by TNI and sold. Dubois objected to Dutch habit

<sup>1</sup> Repeated in telegram 72, February 27, 6 p. m., to The Hague.

dwelling on past and on discreditable side Repub and stated he convinced sincerity Repub leaders and their need of help in keeping own people in line.

In course talk, Van Mook insisted that written political agreement with Repub was necessary. He conceded Dubois' point that since Dutch had upper hand initiative in presenting draft must come from them and agreed to Dubois' request that it be shown USDel before being given further distribution.

Dubois feels talk was on whole encouraging although his representations by no means met with wholehearted response in all cases.

LIVENGOOD

501.BC Indonesia/2-2748: Telegram

*The Secretary of State to the United States Representative at the United Nations (Austin)*<sup>1</sup>

CONFIDENTIAL

WASHINGTON, February 27, 1948—6 p. m.

99. Following confirms Bancroft's telephone conversation with Barco<sup>2</sup> Feb 27 re Indonesian case.

Dept is informed that resolution may be offered to effect SC disapproves conference now being held West Java for purpose setting up autonomous West Java state. Dept considers West Java conference not inconsonant *Renville* Agreement so long as conditions of free speech prevail and would therefore oppose resolution, if offered, condemning West Java conference.

Dept considers it highly important for sake of further agreement in Java that this matter not be introduced in SC at this time. Dept therefore suggests that Graham confer with Indo-Rep delegation with view to dissuading it from pressing for introduction such resolution, using following argument. Since US does not regard West Java conference as inconsistent with *Renville* Agreement, US could not support such resolution if offered. Effect of defeat of such resolution in SC might be to encourage other autonomous movements in disputed territory or Republican territory. US does not wish to encourage further fragmentation. Therefore US believes that this matter should not be put to vote in SC.

It is of course clear to US, as well as to parties to *Renville* Agreement, that whatever autonomous states arise in disputed areas will be subject to free expression popular will at time of plebiscites.

MARSHALL

<sup>1</sup> Repeated in telegram 73, February 28, 6 p. m., to The Hague, and as 84 to Batavia.

<sup>2</sup> James W. Barco, of the Division of International Security Affairs, temporarily at New York.



501.BC Indonesia/3-148 : Telegram

*The Secretary of State to the Consulate General at Batavia*

US URGENT

WASHINGTON, March 1, 1948.

85. Usgoc 71. Following resolutions proposed by Canada (Document S/678) and China (Document S/P.V. 259) respectively, were adopted by SC at its 259th meeting, 28 Feb 1948: <sup>1</sup>

1. "THE SECURITY COUNCIL, HAVING considered the Report of the Committee of Good Offices, informing the Council of the steps taken by the Netherlands Government and the Government of the Republic of Indonesia to comply with the Council's resolution of 1 August 1947;

NOTES with satisfaction the signing of the Truce Agreement by both parties and the acceptance by both parties of certain principles as an agreed basis for the conclusion of a political settlement in Indonesia;

COMMENDS the members of the Committee of Good Offices for the assistance they have given the two parties in their endeavours to settle their dispute by peaceful means;

MAINTAINS its offer of good offices contained in the resolution of 25 August 1947, and, to this end,

REQUESTS both parties and the Committee of Good Offices to keep the Council directly informed about the progress of the political settlement in Indonesia."

2. "The Security Council requests the Committee of Good Offices to pay particular attention to the political development in Western Java and Madura and to report to the Council thereon at frequent intervals."

(Repeated to The Hague as 75).

MARSHALL

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<sup>1</sup> See SC, 3rd yr., nos. 16-35, pp. 367, 380, 381, 393.

856e.00/3-248 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

SECRET

THE HAGUE, March 2, 1948—1 p. m.

138. Continuing contacts with Vredenburg and Foreign Office officials lead Embassy to following conclusions:

1. Vredenburg in present frame of mind entirely lacks faith Republic leaders. He describes Republic as immoral totalitarian state. He aims at creation large number small states loosely federated in use with political center gravity in states and Republic confined relatively small area considering this as means avoid tyranny (and presumably maintain Dutch influence). He believes Republic already embarking campaign ruthless intimidation preparatory plebiscites which he believes can only be of value if carried on through traditional village organization. He is pessimistic as to immediate political future Indonesia in any event.

2. Other Netherlands Government officials by no means all convinced soundness Vredenburg's views re Republic. There is desire among dominant Catholic-Labor leaders for successful construction good faith new political structure. They have hopes that Neher will play important part though Vredenburg gives impression Neher has been side-tracked. (Batavia telegrams most interesting this connection.)

3. Vredenburg pushing his views hard here. He is able, persuasive, influential. Strong instructions to Van Kleffens re amendments Canadian resolution SC probably due him.

4. While Embassy believes Vredenburg, who is extremely able, will loyally carry out his government's instructions when final decision reached, Embassy believes that Embassy, in cooperation Department, can usefully informally express points of view and make tactful suggestions designed promote execution *Renville* Agreements in line our concepts. Present indications from Foreign Office are that Vredenburg may leave here this week.

Department may wish authorize Embassy informally express to Foreign Office concern at fact that while Netherlands negotiating or about negotiate both with Republics and non-Republics with views creation pre-federal government and eventually USI in accordance agreed principles impression persists ultimate aims Netherlands and Republic almost diametrically opposite. Achievements both sides in implementing truce and in agreeing political principles warrant different impression. Netherlands initiative in direction restoration confidence would be most useful. Following specific actions could be suggested to Netherlands Government as helpful in immediate future:

1. Statement recognizing continuing efficacy of truce implementation recognizing Republic contribution thereto.

2. Statement perhaps at time Vredenburg's return Batavia with instructions or at time renewal political talks stressing Netherlands sense political achievements today to which Republics as well as other areas have contributed, emphasizing common objectives interests Netherlands and Indonesian peoples and stating Netherlands during plebiscite period while Netherlands retains sovereignty determined guarantee exercise political liberties and combat intimidation coercion from whatever source. It might be added that Netherlands hopes for effective cooperation Republic leaders in preferred government as soon as possible and is highly aware demonstrated talents certain of these leaders.

Above suggestions of course limited to possibilities of action by government here. Embassy recognizes that Netherlands-Republic relations depend primarily activities Batavia-Djocja but feels Hague Government can also under present circumstances play constructive role and that constant reiteration expressed Netherlands Government policy may have restraining effect certain officials. Embassy has done some preliminary informal work along these lines.

Finally, if discussions possible US financial aid reconstruction Indonesia could be brought to more concrete state, fact such aid must obviously be predicated on creation new responsible political organization could have constructive effect on progress political discussions.<sup>1</sup>

Department, please pass Batavia.<sup>2</sup>

BARUCH

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<sup>1</sup> Telegram 93, March 8, 7 p. m., to The Hague, stated the Department's agreement with the Embassy's appraisal of the Indonesian situation and "approves informal approach suggested your points 1 and 2".

<sup>2</sup> This was done the same evening.

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501.BC Indonesia/2-2648 : Telegram

*The Secretary of State to the Consulate General at Batavia*

SECRET

WASHINGTON, March 2, 1948—6 p. m.

90. For Gocus 72. Gocus 160 Feb 24 and 163 Feb 26. Dept approves your efforts with Republic leaders and Dutch. For your info suggestion Deptel 62 Feb 13 predicated on Dept's belief that Republic obligated under Prin 1 to accept Neth sovereignty during interim period and to accept USI sovereignty at termination interim period; that Neth on other hand should immediately formulate plans for formation of provisional interim Govt, simultaneously announcing conditions under which Republic's participation therein would be invited (Congentels 151 and 152, Feb 20).

Dept believes US Govt would find it difficult if not impossible to extend economic and financial assistance to more than one sovereign recipient in NEI at any given time and that since 1st Prin clarifies locus of sovereignty, economic and financial assistance could be extended only to Neth as sovereign in interim period, and subsequently only to sovereign USI as legal heir to commitments of interim Govt.

Dutch should realize that extension US assistance to any NEI Govt which does not include Republic would, of course, place US in position of either discriminating against Republic as outside the sovereign NEI Govt or of extending assistance separately to Republic. Both of these choices, of course, impossible to US and at least embarrassing to Neth.

Dept believes Republic should be encouraged to join interim Govt immediately because (a) it will thereby insure its full participation in benefits of any US economic and financial assistance to interim Govt, and (b) Republic's position in negotiation of difficult questions more realistic and less irresponsible as member interim Govt than as state of undefined status outside interim Govt.

Send Batavia as 90. Repeat The Hague as 81.

MARSHALL



501.BC Indonesia/3-448 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, March 4, 1948—2 p. m.

178. Gocus No. 168. In order discharge task given it by SCRes February 28,<sup>1</sup> GOC as initial step yesterday presented parties with list of detailed questions on West Java Conference concerning origin, powers, composition, objectives, and results conference with purpose establishing degree to which formation West Java state would be representative desires population. In order avoid judging conference solely in terms academic standards of representation, list contained questions designed draw comparison between conference and similar bodies assembled in Java, including implication Republic territory. Questionnaire as whole fairly exhaustive.

In first GOC meeting on SCRes, AusDel wished GOC proceed immediately Bandoeng for investigation on spot. USDel opposed, and as compromise letter which was sent to parties March 1 informing them of GOC intention submit questionnaire also stated GOC considered desirable that questions and parties' answers be submitted to conference for comments and that GOC wished attend conference in capacity observers when conference considering questionnaire.

Yesterday evening Riphagen called on Herremans<sup>2</sup> as chairman week and stated Van Mook angered by suggested GOC action and held that any steps taken by GOC beyond direct consultations with parties would be outside scope good offices. Riphagen added that NethDel would reject by letter proposal that questionnaire and answers be submitted conference and that GOC visit conference. Herremans considers this another instance Dutch showing resentment of presence GOC but he and USDel agree that GOC proposal that questionnaire and answers be submitted to conference was unfortunate. USDel will discuss matter with Riphagen in effort find some way around difficulty and forestall official Dutch rejection of GOC letter of March 1, which we believe would lead to needless and unprofitable repercussions.

Department pass Hague.<sup>3</sup>

LIVENGOOD

<sup>1</sup> See telegram 85, March 1, p. 109.

<sup>2</sup> Raymond Herremans, Belgian member of GOC.

<sup>3</sup> This was done the same day.

501.BC Indonesia/3-448 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, March 4, 1948—6 p. m.

182. Gocns 169. Ourtel 168, March 4. Dubois and adviser at lunch today with Riphagen urged Dutch for own sakes not draft categorical rejection proposals in GOC letter of March 1. Riphagen quoted Van Mook as not opposed visits by individual GOC representatives Bandoeng but regarded GOC statement intention submit questionnaire and Netherlands replies to West Java conference as unacceptable reflection on NEI Government, implying replies would be dishonest or at least incomplete. We asked how Netherlands delegation considered GOC could discharge mission assigned it by SC February 28 Res. Riphagen replied he considered report containing information elicited by questionnaire would be ample, and since questions appeared calculated produce factual replies he did not see why important disparities should exist between Netherlands and Republic answers. Any event, he believed GOC should consider answers before committing self further action. We agreed GOC did not contemplate proceeding further before answers received and suggested Netherlands Delegation reply GOC March 1 letter by simply suggesting GOC await answers before raising question its further actions. Riphagen agreed endeavor persuade Van Mook this course, noting he growing accustomed role good officer between GOC and NEI Government.

In course lunch, we urged necessity earliest action by Netherlands Delegation to initiate political discussions, at least extent designating Netherlands representatives on political and economic committees, observing 6 weeks had passed since *Renville* Agreement, that position GOC becoming ridiculous, and that since GOC now under necessity reporting frequently to SC we should prefer report some progress.

Riphagen stated Vredenburg expected here March 7 and that he hoped discussions could begin very shortly thereafter, that meanwhile Netherlands Delegation would designate committee at least provisionally. He expected first area for settlement would be position Republic as *Negara* in interim period and again stressed necessity Republic liquidating attributes sovereignty. He also stressed Republic could not have different position in interim government from other *Negaras*, in this connection stating he hoped GOC would persuade Republic not expect continuation its services beyond Republic's entry into government, that Netherlands could not take initiative this matter without appearing violate *Renville* principles. He also considered important Republic simultaneously accept plan for Netherlands-Indo Union, which he believed must have organizational structure unlike British

Commonwealth and US-Philippine arrangements, and complained that no Indo groups appeared much concerned by form of union.

We suggested strength union would lie in common need for each other on part Netherlands and Indonesia rather than in formal organization, but Riphagen stated unequivocal acceptance by Republic of organizational arrangements would be necessary if Republic not to raise objections later.

Dubois took occasion inform Riphagen Neher had told him Van Mook had invited Hatta come here for talk.

Department repeat Hague.<sup>1</sup>

LIVENGOOD

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<sup>1</sup> This was done the same day.

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501.BC Indonesia/3-448 : Telegram

*The Secretary of State to the Consulate General at Batavia*

SECRET US URGENT

WASHINGTON, March 5, 1948—6 p. m.

93. Usgoc 73. Urtel 169, March 4. Dept cannot agree with suggestion by Riphagen that GOC persuade Republic not expect continuation of services GOC beyond Republic's entry into Govt. We believe no lasting settlement will be achieved without full implementation *Renville* provisions for plebiscites under GOC observation and in this connection we consider it implicit in *Renville* agreement that GOC will continue, if requested by either party, until final transfer of sovereignty to USI. This should be understood by both parties who should prepare accordingly. While we consider it extremely important that Dutch invite and Republic accept entry into interim govt immediately we do not believe that agreement between the parties or assurances prerequisite thereto ought necessarily to take place of final political agreement (second para urtel 152 of Feb 20). Agreement or assurances prerequisite to entry which would be equivalent of political agreement could well delay entry into interim govt as long as or longer than separate negotiations for political agreement. We therefore believe that both sides should endeavor bring about entry Republic into interim govt as soon as possible, without requiring definitive political agreement, as indication of good faith and to achieve immediate working arrangement. Thereupon final political agreement embodying remaining *Renville* principles should be agreed upon and implemented.

MARSHALL



501.BC Indonesia/3-648 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, March 6, 1948—noon.

188. Gocus No. 172. GOC has notified parties it considering official report to SC on election of head "newly-formed West Java state" as preliminary to more extensive report based answers to questionnaire (Gocus 168, March 4) and has solicited their comments for inclusion.

Representatives both parties for reasons their own have expressed gratification in talks with US delegation at election Republican official as head state, although Leimena has noted development does not alter "illegality" creation such state.

Antara this morning reports Wiranatakusumah has accepted election as head state while unable agree plan separate West Java from Republic, and quotes high Republican official as stating Republican Government would take election into consideration, indicating Republican approval not yet certain.

Hanata this morning announces that name of new state changed to Pasundan state by provisional parliament, although placards had appeared all over Batavia in past week with legend "Negarajawabarat".

Netherlands delegation March 5 sent letter to GOC stating since West Java Conference now closed, there no need consider GOC request that its questionnaire and parties answers be submitted conference and that GOC attend conference.

While it not certain that election Republican as head state and swift adjournment conference can be ascribed to Dutch reaction to SC February 28 resolution, it obvious Dutch position respecting resolution is greatly eased by these developments.

LIVENGOOD

501.BC Indonesia/3-1048 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, March 10, 1948—9 a. m.

195. Gocus No. 174. In discussion with US Delegate March 8, Vredenburg and Riphagen brought up following matters:

Vredenburg has complete instructions from Hague for political settlement. Netherlands delegation this week prepared draft to submit Steering Committee which will assign various agenda items four main committees. This may be done as early as March 12. Agreement will include conditions under which Republic may enter interim government as well as way in which political principles will be put into

practice. Tentatively, Vredenburg believes Republic commitments regarding Union may be handled by exchange of letters. Vredenburg will show US Delegation and Belgian Delegation copies of draft when prepared and will receive our comments before submitting it formally. Riphagen will work with Scott on draft outlining sequence plebiscite, free elections and constitutional convention provisions.

Vredenburg made clear installation provisional pre-federal govt today not to be regarded as interim govt contemplated *Renville* Agreement. Interim govt will not come into being until signing of political agreement unless, after reasonable period 3 to 4 months, it should become evident Republicans employing delaying tactics. Today's ceremony amounts simply to handing over certain offices in NEI Govt to Indonesian officials.

Although Vredenburg says he now believes political agreement can be signed in two to four months, his personal opinion chances lasting settlement appears pessimistic as ever. Still considers plebiscite will not be held under democratic conditions since he quite sure Republic will endeavor intimidate voters. We said we felt possibility intimidation could be largely neutralized prior holding plebiscite, particularly if, as we assumed would be case, gradual demobilization had begun and agreement had been reached on USI military force which would replace TNI. While admitting this theoretically true, he maintained opinion he was "traitor to his country" for having recommended acceptance of plebiscite provision. He also appears still adamant on subject GOC's making suggestions and on general competence GOC and SC. Said he had asked Van Kleffens refrain from raising question of competence in SC only after learning Riphagen had received assurance regarding continuation US Delegation's practices reported Gocus 165, February 27.<sup>1</sup>

Vredenburg's attitude toward AusDel remains the same. Apparently endeavored in Hague provide against Van Zeeland's return through efforts insure appointment Ryckmans, former Governor Belgian Congo, as Van Zeeland's replacement.

He did not mention question continuation services GOC beyond signing political agreement. Earlier in day, however, Riphagen brought matter up again in conversation with Scott who told him he believed there was no better way invite failure than raising the question GOC termination with Republics at this time, that GOC would doubtless be as useful to Netherlands as to Republic in period following political agreement. This connection, it was argued some method would have to be found for settling disputes regarding interpretation political agreement and that Linggadjati type arbitral clause obviously undesirable since any important question regarding interpretation

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<sup>1</sup> Not printed.

would probably be political in nature and not conducive to settlement by arbitration. Riphagen was reminded Vredenburg had originally suggested semi-permanent GOC for this purpose back in November (Congentel 455, November 13<sup>2</sup>).

Vredenburg concluded with statement that his instructions were now precise on point that Netherlands Delegation alone was authorized to speak for Hague and by implication, we could not depend on Neher's or Van Mook's views. Added in so many words that he was "Voice of The Hague".

Department pass Hague.<sup>3</sup>

LIVENGOOD

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<sup>2</sup> Not printed.

<sup>3</sup> This was done the same day.

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501.BC Indonesia/3-1548 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, March 15, 1948—noon.

210. Gocus No. 180. Hatta came to Batavia in US plane March 11 and had across the table talks with Van Mook until March 13. He sent word asking Dubois to meet him Republican headquarters Batavia 1730 hours March 13 which he did. In private talk Hatta advanced the following:

1. His talks with Van Mook had been on the whole satisfactory and on several points they had reached agreement in principle.

2. One related to mutual reduction of armed forces. It envisages a merger of Dutch and Republican armed forces into a USI national army for defense and public order directed by a joint general staff composed of Dutch and Indonesian general officers with a Dutch chief of staff. The Republican contribution to this force would be around 60,000.

This would require demobilization of upward of 200,000 Indonesian troops including irregulars. Hatta's difficulties are two-fold, inducing the young hothead element in the Laskar Rakjat (Peoples Army) to turn in their bamboo spears and get back to planting their rice sawahs before reducing his disciplined regular forces to a point where the Laskar might take over and the psychological difficulty of getting his people and his officers to believe in the sincerity of the Dutch intentions to reduce their forces.

He wants our help in inducing the Dutch to give him time to work out this problem in his own way. He is afraid the Dutch will get impatient and start pushing deadlines and ultimata at him.

In the absence of instructions to the contrary we propose to help Hatta in three ways: (1) see that there is at least a token Dutch demo-



bilization at once and publicize it for all it is worth and stop Dutch press reports of troop arrivals in NEI; (2) widen the demilitarized zones wherever possible, as much as possible, and as rapidly as possible; (3) if approved by both parties, offer the services of a US military adviser personally to Hatta to strengthen his hand with his own officers.

Other questions touched lightly were :

3. Hatta wants Van Mook to announce officially that January 1, 1949 is the target date for creation of USI but was not insistent about it.

4. He would agree to Republicans joining any full-fledged legal interim government if and when formed.

5. Apparently the creations of foreign representation and currency were taken up and tentative agreements reached and plans made, but he did not appear to want to discuss them and I did not press him.

Department pass The Hague.<sup>1</sup>

LIVENGOOD

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<sup>1</sup> This was done the same day.

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501.BC Indonesia/3-1748

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, March 17, 1948—10 a. m.

2114. Gocus 183. Report sent to President SC<sup>1</sup> (Gocus 182<sup>2</sup>) was drafted by DuBois on basis working papers submitted by NethDel and accepted by IndoDel at meeting steering committee March 16. Intention is that report be circulated to SC members for their information only.

Encountered initial opposition from Critchley to sending report this nature since he presumably would prefer not to waste GOC's ammunition by sending non-controversial material. We hope, however, that by sending report this character at this time, it will not be necessary to send a further report on political discussions until agreement has been reached or unless there is a breakdown in discussions.

LIVENGOOD

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<sup>1</sup> For text of telegram dated March 16 by GOC, see SC, *3rd yr., Suppl.* (Jan.-March), p. 37, doc. S/697.

<sup>2</sup> Telegram 213, March 17, from Batavia, not printed; it quoted the text.

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501.BC Indonesia/3-1748 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, March 17, 1948—2 p. m.

217. Gocus No. 184. GOC received letter March 16 from Indo delegation strongly protesting course followed by Van Mook in form-

ing Provisional Federal Govt, alleging formation contrary *Renville* Agreement. Letter requested GOC "lodge protest directly with SC on ground of first resolution taken by SC on Indo question with Netherlands delegation".

Prior to GOC's receipt above letter, Brackman (UP) showed US delegation dispatch he had filed reporting request that GOC lodge protest with SC. It clear source Brackman's information was member Indo delegation.

US delegation called meeting GOC late afternoon March 16 and stated our view that GOC should make clear to Indo delegation: (1) Protest would naturally be forwarded with delegation [report?]. (2) In line with GOC's long established practice, previously communicated in writing to both parties on January 2, GOC would not itself lodge protest with SC. (3) Express hope that since it had been agreed same day in Steering Committee to discuss question participation Republic in Provisional Federal Govt, GOC hoped satisfactory solution to both parties would ensue.

GOC agreed include these views in replying to Indo delegate's letter. It obvious member of Indo delegation who turned over letter to Brackman hoped thereby force GOC's hand in filing protest with SC. This point discussed in GOC where it was decided not to take note of fact matter had been leaked to press and to leave entirely to Indo delegation problem how to straighten out matter with press.

LIVENGOOD

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501.BC Indonesia/3-1748: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

BATAVIA, March 17, 1948.

218. Gocus 185. Following is press release March 17. ["] SC's GOC on Indonesian question announces that economic financial committee conference between delegations Govt of Netherlands and Govt of Republic held first meeting 17 March, thus inaugurating series discussions toward overall agreement. Under first agenda item, referred committee basis urgency by steering committee, agreement reached in principle on transfer certain quantities rice for local requirements and in form of border traffic operations from Netherlands to Republic side *status quo* line in Kemit area in south central Java.

Subcommittee set up deal with matter and report main committee very early date measures to be taken order implement this agreement. Committee discussed general resumption economic intercourse across *status quo* line and common use public works as railways, highways, post, telegraph, telephone communications, electric power works, irrigation projects, water supply.

Committee reached conclusion these matters involved problems purely technical and local nature as well as general principles in economic and monetary fields. Second subcommittee appointed whose task will be separate various questions two categories.

Those which merely technical will be dealt with immediately by subcommittee with assistance specialized experts both parties. Other matters will be referred back economic committee for further study. Economic financial committee scheduled meet again early next week. First meeting political committee will be tomorrow, Thursday 18 March."

LIVENGOOD

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501.BC Indonesia/3-1848 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, March 18, 1948—1 p. m.

221. Gocus No. 186. At meeting of Steering Committee March 16 Netherlands delegation introduced two carefully reasoned working papers which were referred to Political Committee for discussion.

First working paper is survey of basic points which Netherlands delegation considers should be included in agreement. It anticipates further working papers which will set forth in detail Netherlands position on these basic points. Second working paper does this with respect to federal structure of USI.

Since survey paper presents first comprehensive and formal statement Netherlands views re nature entire settlement it is set out fully below.

Survey begins with statement that object of Netherlands Government is to promote settlement of dispute at earliest possible date, that Netherlands Government stands by principles Linggadjati as formulated 14 points by Ministry Overseas Territories and by 18 principles adopted in January 1948 as basis for settlement. This is followed by statement that settlement should contain "project for merging Republic Government into provisional federal government" and that ultimate object should be agreement on "essentials" between Netherlands Government and Republic with respect to, (1) structure of union, (2) structure of USI, including relation of member states to each other and to federal government of USI, (3) within framework of union, financial and economic relations between Netherlands and USI and cooperation between Netherlands and USI re defense.

Survey then elaborates on foregoing "essentials" as follows:

(1) Since aim of agreement should be to incorporate Republic Government and its organs in provisional federal government and



its organs, "effectuation should be ensured of first of six additional principles, according to which sovereignty throughout, and therefore ultimate responsibility for, Netherlands Indies remain vested Netherlands Government during interim period, i.e., until simultaneous establishment Netherlands-Indies union and USI."

(2) This implies, subject further elaboration of *modus quo*, (a) transference of governmental functions to be exercised by Netherlands as sovereign authority during interim period, (b) transference of governmental functions that do not appertain to member states, (c) restoration rights belonging to Netherlands Indies as whole or to third parties. This connection, Netherlands Government fully prepared cooperate in finding ways and means solving each of above cases in mutual consultation and with assistance GOC.

(3) Under terms first of additional 6 principles, it agreed sovereignty throughout Netherlands Indies, and shall remain with Netherlands until, after stated interval, Netherlands transfers its sovereignty to USI. It also agreed that status of Republic will be that of state within USI. Follows from this that Republic is obligated accept Netherlands sovereignty until that sovereignty transferred to USI and thereafter Republic will be obligated accept sovereignty of USI. Clear that under first of 6 additional principles Republic cannot legitimately conduct foreign relations. Under most liberal applications this principle, relations with foreign powers entertained by Republic must be adapted to legitimate conduct foreign relations by sovereign authority over Netherlands Indies. Adaptation should be completed at least by time of signing political agreement. Netherlands delegation will be pleased give outline of manner in which during interim period officials at present serving Republic might be active in field of foreign relations of sovereign authority.

(4) Adaptation of foreign relations of Republic, to political order to be prevalent in Indonesia in interim period shall not affect relations existing between Republic and SC.

(5) View fact that status Republic will be that of one of member states USI, further proposals re defence and internal security will be submitted to GOC and Indonesian delegation.

(6) Desirable in time to discuss future status autonomous rulers in view special relations existing between Crown and these rulers.

(7) In mutual consultation provision to be made for free expression opinion in whole of Java, Madura, Sumatra envisaged in second and sixth of twelve principles. Necessary complement of free expression opinion is realization of free traffic of persons in islands mentioned by time of signing agreement. This connection 10th and 11th of 12 principles should also be borne in mind. Free expression opinion will further be condition for ascertaining will of people as basis for determining relations of populations of various territories to USI; on these relations populations of Java, Sumatra, Madura to decide not less than 6 months and not more than 1 year after agreement has been reached between Netherlands and Republic Governments. View of 2nd, 3rd and 6th of 12 principles, it necessary that population of Java, Sumatra, Madura decide on this relationship in complete freedom. Pursuant to 6th of 12 and 4th of 6 additional principles, this decision will be ascertained either by free elections, plebiscite or other manner.

As matter of course, complete effectuation of truce must be assured beforehand, with particular attention to Article 7 A and W of truce agreement.

Netherlands delegation showed USDel copies working papers before submitting them to Steering Committees. Point (2) (a) in preceding paragraph originally read as follows: "relinquishment of powers exercised in encroachment of Netherlands sovereignty". Point (3) originally read in part as follows: "terms (of point 1) imply among other things that relations with foreign powers entertained by Republic Government shall be abolished, leastwise that such relations shall have been abolished by time of signing of agreement between Netherlands delegation and Indonesian delegation". USDel suggested and Netherlands delegation accepted final wording as set forth preceding paragraph.

Department please pass Hague.<sup>1</sup>

LIVENGOOD

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<sup>1</sup> This was done the same day.

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656d.006/3-1948

*Memorandum of Telephone Conversation, by Mr. Joseph B. Matré,  
Assistant to the Legal Adviser (Gross)* <sup>1</sup>

[WASHINGTON,] March 19, 1948.

Mr. H. A. Helb, Counselor of the Netherlands Embassy, over the telephone today stated that they were in receipt of a letter from Mr. Isbrandtsen <sup>2</sup> to the effect that the Department of State has requested the Company to negotiate a settlement of the claim with the Netherlands Embassy. Mr. Helb inquired whether the Department requested Mr. Isbrandtsen to take this action, as the Embassy had no previous information concerning the matter.

I informed Mr. Helb that the Department had previously requested the American Consulate General at Batavia to ascertain from the Netherlands authorities whether negotiations looking to a settlement of the claim could be resumed; that the Consulate General replied stating that Isbrandtsen should approach Mr. Van Hoogstraten <sup>3</sup> on the occasion of his visit in December, 1947; that I informed the Embassy by telephone of the receipt of this telegram from Batavia and inquired where Mr. Van Hoogstraten could be reached; that the Em-

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<sup>1</sup> For the case of the American ship *Martin Behrman*, see Department instruction dated June 23, 1947, to Batavia, *Foreign Relations*, 1947, vol. vi, p. 956, also, Department of State press release on March 21, 1947, Department of State *Bulletin*, April 20, 1947, p. 720.

<sup>2</sup> Hans Isbrandtsen, President, Isbrandtsen Steamship Co., New York.

<sup>3</sup> J. E. van Hoogstraten, Netherlands East Indies director of economic affairs.



bassy informed me that Van Hoogstraten could be reached in the Office of the Netherlands East Indies in New York; that I communicated this information to Mr. Isbrandtsen; that Mr. Isbrandtsen endeavored to approach Mr. Van Hoogstraten but was unable to do so during his visit in the United States; that upon the departure of Mr. Van Hoogstraten, the Consulate General at Batavia was informed of the embarrassment of the Department because of the unwillingness of Mr. Van Hoogstraten to receive Isbrandtsen; that the Consulate General later suggested that Isbrandtsen approach the Netherlands Embassy at Washington with the view to negotiating a settlement out of court, that the purport of this telegram was sent to Isbrandtsen on February 27, 1948, and that Mr. Isbrandtsen's letter was probably written as a result of the Department's letter conveying to him the suggestion of the Consulate General that he approach the Embassy.

Mr. Helb was of the opinion that there was nothing improper in Mr. Van Hoogstraten's conduct in refusing to see Mr. Isbrandtsen, inasmuch as he had no authority to negotiate a settlement of the claim; that he was a very busy man during his visit here and was on the West Coast a greater part of the time. I told Mr. Helb that the Department, nevertheless, did feel embarrassed in view of the fact that the Consulate General must have obtained information concerning the resumption of negotiations from the authorities in the Netherlands East Indies.

Mr. Helb stated that the conduct of the Netherlands with respect to this matter was entirely proper; that the former offer of settlement was a reasonable one; and that Isbrandtsen Company should now seek redress in the Netherlands courts, which throughout their long history have a splendid reputation for administering justice. I suggested that, if the Netherlands authorities would renew their offer of settlement, the Department would be disposed to recommend its acceptance and thus terminate a matter which has been one of considerable concern to both governments. Mr. Helb stated that he had no authority to take any action in the matter and repeated his suggestion that Isbrandtsen should seek redress in the Netherlands courts.

I told him that it was the contention of Mr. Ryan,<sup>4</sup> with which the Department was inclined to agree, that no adequate mode of redress was available in the Netherlands courts, either in the East Indies or in The Hague, for the adjudication of a claim of this character involving, as it would, the international validity of the Decree of January 28, 1947, which any Netherlands court would in all probability hold valid, and in view of the further fact that it was seemingly impossible in view of the unhappy relationship presently existing between the Indonesian Republicans and the Netherlands Government for the Company to obtain adequate documentary or testimonial evidence from Indo-

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<sup>4</sup> James W. Ryan, attorney for Isbrandtsen Steamship Co., New York, and director of the company.



nesian sources which would be regarded as admissible by the Netherlands. I asked Mr. Helb if he would furnish the Department with a memorandum indicating definitely that a remedy for this particular type of a claim was open to Isbrandtsen in the Netherlands courts, calling his attention to the fact that while the United States Court of Claims was open to claimants having claims against the United States, the jurisdiction of that court was exceedingly limited. I further told Mr. Helb that Mr. Ryan had obtained a legal opinion from a Netherlands law professor in New York who was familiar with the laws of the Netherlands, indicating that there was no legal remedy open to Isbrandtsen in the Netherlands courts.

I also informed Mr. Helb that the Rubber Development Corporation was now interested in the cargo of rubber because of the fact that Isbrandtsen allegedly sold the cargo to the Corporation f.o.b. Cheribon, and that the Corporation is in doubt as to whether title to the cargo passed to them or not. I told Mr. Helb that if the cargo has been sold to the Rubber Development Corporation, an agency of the United States, and if title has passed to the Corporation, the Department would then be obliged to present a claim on behalf of the Corporation against the Netherlands Government for the value of the cargo. Mr. Helb was apparently aware of the interest now manifested by the Rubber Development Corporation in the cargo of rubber but asserted that the rubber was destroyed by fire. With respect to this assertion, I informed Mr. Helb that the information in the possession of the Department indicated that only a small portion of the cargo of rubber had been destroyed by fire and that the remaining cargo was exported by the Netherlands agency controlling the export of rubber from the Netherlands Indies.

In conclusion I suggested to Mr. Helb that he use his efforts to effect a settlement of the claim, particularly in view of the fact that the Isbrandtsen Company seemingly violated no law of the Netherlands; that it succeeded in obtaining a valuable cargo from the Indonesians and transporting it to Batavia without expense to the Netherlands Government; that the Netherlands Government undoubtedly obtained a good price for the cargo and is now in possession of the proceeds derived from the sale of the cargo. I expressed the thought that the payment of a proper indemnity to Isbrandtsen Company would seem to be a simple and just procedure and would not cost the Netherlands Government anything inasmuch as the entire settlement money is obtainable from the cargo which Isbrandtsen Company made available to the Netherlands and which without the services of Isbrandtsen Company could not have obtained.<sup>5</sup>

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<sup>5</sup> The Isbrandtsen Co., Inc., proceeded against the Netherlands East Indies Government *et al.* in the District Court for the Southern District of New York and on May 24, 1949, wrote the Department indicating that its claim had been settled. (659d.006/5-2449)

501.BC Indonesia/3-2048 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, March 20, 1948—1 p. m.

232. Gocus 191. Following receipt Indonesian delegation protest formation provisional federal government and GOC's reply thereto (Gocus 184<sup>1</sup>), GOC at US delegation's suggestion recommended to parties procedure for coordinated periodic reports to SC with view to eliminating separate communications by parties. Plan was introduced in steering committee March 19 (Gocus 190<sup>2</sup>) and accepted after discussion by Netherland-Indo delegation. In discussion Vredenburg stated Netherland delegation for its part entirely willing waive its right report SC directly and rely solely on reports originating with GOC. Emphasized entirely satisfied with wisdom and discretion displayed by GOC in its reports to SC to date and expressed hope parties would show similar prudence and restraint in future. He recognized plan placed burden on GOC in preparation and compilation material at monthly intervals, but agreed this probably best way avoid haphazard separate submissions SC respect particular matters.

Roem agreeable to procedure provided it clearly understood it in no way affected Republic's right report directly SC. Critchley replied that new procedure would not affect this right but was simply means expressing it systematically at regular intervals.

In coming weeks USDel will endeavor convince Republic's undesirability contributing acrimony atmosphere by lodging protests with SC, that attempts bring pressure bear on Netherlands delegation respect particular issues through appeals SC unlikely prove successful long run, and that terms of settlement can only be worked out through negotiations Netherlands delegation with GOC's assistance.

LIVENGOOD

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<sup>1</sup> Telegram 217, March 17, p. 118.

<sup>2</sup> Not printed.

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501.BC Indonesia/3-2348 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

BATAVIA, March 23, 1948.

238. Gocus 195. Following is press release March 22. "At 9th meeting Steering Committee, Indonesian delegation submitted two working papers setting forth views political principles which should underlie future USI and Union. Steering Committee decided refer these working papers Political Commission which already seized corresponding agenda items, these subjects and working paper prepared by Netherlands delegation on first these items. Steering Committee

further dealt with important working paper submitted by Netherlands delegation on economic and financial aspects future USI and Union. Document also dealt with number matters economic and financial fields concerning interim period. It was referred Eco Finance Committee for study and possible reference *ad hoc* subcommittee. Steering Committee referred Security Commission request from Indonesian delegation to allow demobilized members TNI return Netherlands controlled territory, there to join relatives and dependents. Chairman GOC informed Steering Committee of receipt cablegram from SYGUN<sup>1</sup> acquainting GOC with protest received by him from foreign press correspondents committee Batavia, who complained lack adequate info. Mr. Lie indicated he considered questions raised press correspondents cablegram within competence GOC. Both Netherlands delegation and Indonesian delegation were of opinion that, while they could see no reason for alteration procedure so far followed by secretariat in dealing with press, they fully prepared assist secretariat increasing both volume and number press releases."

LIVENGOOD

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<sup>1</sup> Trygve Lie, of Norway.

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501.BC Indonesia/3-2548 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, March 25, 1948—4 p. m.

245. Gocus 200. Riphagen called March 24 to say that Palar<sup>1</sup> had sent SC letter dated 19 March<sup>2</sup> in which on instruction his government, he lodged complaint regarding formation east Sumatra state March 15 "under sponsorship Netherlands Government". Protest made on ground formation east Sumatra state violation *Renville* Agreement. Apparently Palar expects SC discuss this when SC receives GOC's report re West Java and Madura.

Vredenburg regards this maneuver as breach agreed procedure for coordinating periodic reports to SC. Believes Palar's letter may have been predated March 19 in order avoid appearance breach procedural agreement. Vredenburg also regards substance Palar's letter further evidence Republic's insincerity since there is nothing in *Renville* Agreement prevent provisional organization states.

It difficult foresee time required reach settlement here if there are to be discussions in SC each time GOC submits reports. Republic fully aware no real progress can be made in negotiating terms settlement.

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<sup>1</sup> Lambertus Nicodemus Palar, Indonesian observer at the United Nations.

<sup>2</sup> For text, see SC, *3rd yr., Suppl.* (Jan.-March), p. 40, doc. S/701.



here while such discussions are being carried on in SC. For this and other reasons (Gocus 201<sup>3</sup>), it becoming abundantly clear Republic no hurry reach settlement. Whether Republic expects some specific advantage accrue through endeavor precipitate SC discussions is not clear, however, since Republic could have no reason expect specific recommendations re terms settlement from SC.<sup>4</sup>

Netherlands delegation will reopen question agreed procedure for coordinating reports to SC at next meeting Steering Committee afternoon March 30. US Delegation will meanwhile press in GOC necessity maintaining agreed procedure and will discuss matter with Indonesian Delegation along lines final paragraph Gocus 191.<sup>5</sup>

Would appreciate soonest Department's appraisal chances SC's reopening discussion Indonesian question on occasion future reports GOC. Also appreciate indication general line US would take in SC in event discussion reopened.

Department pass Hague.<sup>6</sup>

LIVENGOOD

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<sup>3</sup> *Infra*.

<sup>4</sup> For text of telegram from GOC to the Security Council on March 25, see SC, 3rd yr., Suppl. (Jan.-March), p. 41. This text was reported in telegram 251, March 25, from Batavia (Goc 203).

<sup>5</sup> Telegram 232, March 20, 1 p. m., p. 125.

<sup>6</sup> This was done the same day.

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501.BC Indonesia/3-2548: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, March 25, 1948—7 p. m.

249. Gocus 201. At meeting Steering Committee 16 March which Netherlands survey paper discussed (Gocus 186<sup>1</sup>), Vredenburg requested further discussion at next meeting Steering Committee purpose assigning agenda items based thereon to main committee. At meeting Steering Committee March 19 Netherlands delegate raised matter and it was decided have special meeting Steering Committee this purpose. At special meeting Steering Committee March 24 Indonesian delegation showed that either unprepared or extremely reluctant accept additional agenda items at this stage.

For first time since return from Hague, Vredenburg permitted himself show exasperation, devoting effort remainder meeting getting on record Indonesian delegate's reluctance discuss elements political agreement which Republic appears find unpalatable.

At US delegation's suggestion, meeting adjourned permit GOC draft agenda items which parties would accept for assignment main

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<sup>1</sup> Telegram 221, March 18, p. 120.

committees. Day before, US delegation had prepared and GOC had agreed submit parties letter containing such a list. Letter also contained proposal that another subcommittee of Political Committee immediately study Netherlands delegation's two working papers (Gocus 186) and Indonesian delegates comments thereon purpose ascertaining points on which agreement already exists. Letter presented both parties meeting Steering Committee afternoon March 24. Netherlands delegation accepted immediately. Indonesian delegation accepted after two-hours discussion items dealing with interim period.

Basis recent private conversations members Netherlands delegation, Australian delegation and Indonesian delegation, we of opinion Republic may be developing firm stand respect their position during interim period. Critchley, for example, sees no absolute necessity Republic join Provisional Federal Government. Vredenburg believes Republic definitely would prefer remain isolated throughout interim period provided this means maintain present attributes sovereign government. Vredenburg has so far failed completely reduce [*induce?*] them discuss Republic's position interim period even in private conversations. Since it obvious way must be found by which Republic can accept position Provisional Federal Government, US delegation continuing efforts persuade Netherlands delegation utmost make details conditions appealing.

Department pass Hague.<sup>2</sup>

LIVENGOOD

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<sup>2</sup> This was done March 26.

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501.BC Indonesia/3-2548 : Telegram

*The Secretary of State to the Consulate General at Batavia*

SECRET

WASHINGTON, March 26, 1948—6 p. m.

126. Usgoc 80. Re Gocus 200, Mar 25, please report in full concerning formation East Sumatra state Mar 15 and action contemplated by GOC, if any. This should include your estimate of roots of movement and full appraisal of whether this movement required to supply civil administration as result of withdrawal Dutch forces, etc. While we regret separate protest which not in conformity with agreed procedure for periodic reports, necessity and wisdom of Dutch action depend in our opinion on facts behind formation and manner of formation.

We believe best way avoid SC discussion on such matters is for both sides take realistic view of effect likely be produced by repetition these situations. SC may not be able avoid meeting to consider

Republic's protest although we will endeavor express informally with other members SC our hope that this will not be necessary. If such discussion unavoidable our position with respect East Sumatra will be substantially that taken by Senator Austin in SC discussion of formation West Java state,<sup>1</sup> subject to your report on foregoing.

MARSHALL

<sup>1</sup> For text of Senator Austin's remarks to the Security Council on February 28, see SC, 3rd yr., nos. 16-35, pp. 377-378.

501.BC Indonesia/3-3148 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, March 31, 1948—6 p. m.

254. Gocus 206. Following is summary Netherlands delegation's provisional views main aspects federal structure USI expressed in second working paper mentioned Gocus 186, March 18.

1. According 11th of 12 and 1st of 6 additional principles, USI shall be sovereign democratic state on federal basis.

2. According principles underlying Linggadjati, participation and formation of, and membership in, USI shall be open to any territory in NEI whose population by democratic procedure expresses desire to this effect. This does not affect possibility that future status of any territory whose inhabitants must be considered yet incapable expressing will by democratic procedure will be otherwise determined.

3. Netherlands delegation trusts Indonesian delegation will agree that USI constitution will contain among other things elaboration of following principles:

(a) Right of self-determination and self-government of peoples of Indonesia:

(b) USI will by its governmental organs promote interests of member states and all matters pertaining to mutual relations of member states;

(c) In constitution, powers of USI and of member states will in principle be so divided that powers of USI will comprise management of matters pertaining to foreign relations and defense, of main economic and financial problems, of all other matters coming within sphere of union and all matters concerning relations between member states. Powers of USI will further comprise management of such matters, to be further specified in constitution, as can only be dealt with within sphere of federation;

(d) Safeguarding of rights of minorities;

(e) Safeguarding of fundamental human rights and freedoms mentioned in UN charter;

(f) Assurance of sound financial and economic bases;



(g) Institution of common Indonesian citizenship with due regard to mutual exercise of citizenship by Netherlands and Indonesian nationals to be further defined in statute of union.

4. USI constitution must contain safeguards for proper administration justice by independent judicature through Federal Court of Justice. Without prejudice to provisions to be made this point in union statute, Federal Court of Justice will insure observance of constitution; among other things court of justice might settle disputes between member states and disputes to be further specified to which a member state is a party.

5. According 7th of 12 principles and 5th of 6 additional principles, USI constitution will be drafted by Constituent Assembly with proportional representation by democratically nominated representatives of future USI partners. Representatives of minorities will be members of Constituent Assembly. According to 6th additional principle, future member state that decides not to ratify constitution will be able to acquire special relationship to Netherlands and to USI. USI constitution comes into operation at same moment as does statute of union.

6. Constitution of USI member states shall contain no provisions contrary to principles of statute of union and USI constitution.

Summary working papers mentioned Deptel 125, March 26<sup>1</sup> will follow in subsequent telegrams. Full texts working papers being air-mailed Department soonest.

Department pass Hague.<sup>2</sup>

LIVENGOOD

<sup>1</sup> Not printed.

<sup>2</sup> This was done April 1.

501.BC--Indonesia/4-148 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

CONFIDENTIAL

BATAVIA, April 1, 1948—6 p. m.

257. Gocus 208. Further Gocus 206.<sup>2</sup> Following is summary Indonesian delegate's working paper on outlines USI (Deptel 125 March 26<sup>3</sup>).

(A) Structure of USI should be essentially as follows:

(1) USI shall be sovereign independent democratic republic on federal basis.

(2) USI shall be national state in sense that USI shall be expression of right of self-determination and self-government of Indonesian people.

<sup>1</sup> Repeated in airgram A-91, April 12, to The Hague.

<sup>2</sup> *Supra*.

<sup>3</sup> Not printed.

(3) USI shall be based upon belief in God and principles of humanity and shall secure to all citizens social, economic and political justice.

(4) Participation in formation of and membership in USI shall be open to any territory in Indonesia whose population by democratic procedure expresses desire to that effect.

(B) USI constitution will have to contain among other things following principles:

(1) Head of state or president and chairman of both houses of federal parliament shall be an Indonesian.

(2) Member states of USI shall be democratic and shall have republican form of government; head of member state and chairman of state parliaments shall be Indonesian.

(3) Member states shall have no right of secession nor shall expulsion of member states be possible.

(4) Federal legislative power shall decide admission of new member states and new territories in USI.

(5) Changes of frontier lines, splittings and junctions member states shall only be possible with mutual consent USI and member states concerned. Such changes shall be effected according procedure to be decided by constituency.

(6) Constitutions of member USI states shall contain no provisions contrary to principles USI constitution.

(7) Powers of USI and member states will in principle be so divided that in any case powers of USI will comprise management of matters pertaining to foreign relations and defence, main economic and financial problems, all other matters coming within sphere of union, and matters concerning relations between member states. USI power will further comprise management of such matters to be further specified in constitution as can only be dealt with within sphere of federation. There shall be list of subjects which will be placed under exclusive jurisdiction of USI while another list of subjects shall be added which shall be placed under concurrent jurisdiction. Overriding authority on subjects of concurrent jurisdiction shall be vested in federal government. Residual powers shall be left to state governments.

(8) USI by its own organs of government will promote general interests of Indonesian people as whole, common interests of member states, and see to all matters pertaining to mutual relations of member states.

(9) Safeguards of rights of minorities.

(10) Safeguards of fundamental human rights and freedoms mentioned in UN charter.

(11) Assurance of sound financial and economic basis. This connection, Indonesian delegation would be glad to see economic principles which have been laid down in republican constitution adopted in USI constitution, i.e. (a) Economy of people shall be organized cooperatively. (b) Branches of production which are important to state and which affect life of most people shall be controlled by state. (c) Land, water and natural riches therein shall be controlled by the state and shall be exploited for greatest welfare of people.

(12) Common Indonesian citizenship.

(13) Creation of system of national education and development of national Indonesian culture.

(14) Bahasa Indonesia to be official language of USI and member states. This connection may be noted that member states shall have opportunity cultivating their own regional languages along with Bahasa Indonesia; adequate interest will be paid to Dutch language as language of Indonesian citizens of Dutch origin and as language of partner in union.

(15) Red-white flag to be flag of USI.

(C) Governmental structure of USI shall be essentially as follows:

(1) Head of USI to be president who will hold office five years and be eligible reelection.

(2) Vice president will be ex-officio chairman of upper house legislature.

(3) There will be council of ministers with prime minister at head. Prime minister will be appointed by president, other ministers will be appointed by president on advice of prime minister.

(4) Legislative assembly will be bicameral. Upper house will be composed of representatives of member states on equal basis, lower house or peoples council will be composed of members chosen by people of member states in proportion their numerical strength. May be noted that representatives of member states in Senate shall also be chosen by electorate of legislative assembly of respective states.

(5) Legislative power shall be vested in federal government and legislative assembly together.

(6) Executive power shall be vested in president and council of ministers. President can do no wrong; ministers are responsible to lower house or peoples council.

(D) Governmental structure of member states.

(1) Governmental structure of member states shall be based on parliamentary cabinet system.

(2) Each member state shall decide for itself whether it shall have bicameral or unicameral legislature.

(3) Member states shall be divided into regions and municipalities which will have self-governments according to principles of democracy.

(4) Village and other *adat* communities may keep rights of local self-government according to *adat* law.

(E) Judicial power.

USI constitution must contain safeguards for proper administration justice by independent judicature under federal court of justice. Federal supreme court to insure observance of constitution. Among other things supreme court might be charged with settling disputes between member states and disputes, to be further specified, to which member state is party.



501.BC Indonesia/4-248 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, April 2, 1948—9 a. m.

258. Gocus 210. Vredenburg's attitude, often somewhat difficult in past as previously reported by USDel, appears have undergone marked change. Since return from Hague, Vredenburg has displayed patience and forbearance despite repeated evidence Republic's reluctance discuss problems interim period, and without overlooking opportunities get on record IndoDel's unwillingness discuss Republic's participation Prov. Fed. Government, he has made clear he appreciates internal stresses this problem creates in Jogja. Has also demonstrated NethDel far better prepared than IndoDel proceed political settlement. Vredenburg has also shown much greater reliance on USDel's help since substantive talks under way and much greater readiness accept our advice on best ways proceed in effort win Republic to settlement. View excellent relations now existing between Vredenburg and USDel and Vredenburg's unusual competence and effectiveness in negotiations, USDel believes his leadership NethDel should continue and that any change would seriously delay political agreement.

Department pass Hague.<sup>1</sup>

LIVENGOOD

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<sup>1</sup> This was done the same day.

501.BC Indonesia/4-248 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

CONFIDENTIAL

BATAVIA, April 2, 1948—11 a. m.

259. Gocus 209. Following is summary Indonesian delegation's working paper on outlines union (Deptel 125, March 26<sup>2</sup>). Structure of union should be essentially as follows:

1. Both members of union are to be equal sovereign independent states, members of UN.

2. (a) Union to be created for promotion of common interests of Netherlands and Indonesia. (b) Common interests shall be deemed to be cooperation foreign relations and defence, and so far as necessary, matters financial, economic and cultural character.

3. (a) Head of union shall be Netherlands King. Head of union can do no wrong. (b) Acting in name of head of union, executive organs of union are responsible to respective parliaments.

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<sup>1</sup> Repeated in airgram A-89, April 12, to The Hague.

<sup>2</sup> Not printed.

4. (a) Governments of USI and Netherlands will act as executive organs of union. (b) To promote cooperation between two governments in pursuance of interests of union, one or more ministers of each cabinet or their deputies shall meet at fixed times as representatives of their respective governments, to discuss and prepare decisions of union. (c) Decisions of union organs are not binding on citizens of union members until such decisions have been approved by respective parliaments and announced in accordance procedure highest laws of each country. When thus announced, union decisions have strength equal to federal laws in USI.

5. Under supervision both governments there shall be created permanent or *ad hoc* joint official organs of union under direction of officer of union. Formation of personnel of official organs shall be such that if director should be Netherlands subject, deputy shall be USI citizen or vice versa.

6. For promotion of interests of USI in Netherlands and vice versa, high commissioners shall be appointed by respective governments.

7. Union statute shall be drawn up by conference between representatives of USI and Netherlands. Statute comes into effect after approval by respective parliaments.

8. Union court shall be established for settlement of disputes between members of union. Half of members of union court shall be USI citizens, remainder Netherlands. In case disputes, chairman of foreign nationality shall be chosen basis discussions two governments. If discussions unsuccessful, choice shall be made by president of International Court Justice. Chairman of union court shall have decisive vote.

9. Not necessary that USI constitution comes into operation at same moment as union statute. More logical that Netherlands first hand over sovereignty to USI and that establishment of union of members of equal status follow. USI shall be established January 1, 1949. No objection to establishment of union that date following immediately upon establishment USI.

LIVENGOOD

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501.BC Indonesia/4-648 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, April 6, 1948—2 p. m.

268. Gocus No. 216. US delegate and adviser discussed outstanding problems of interim period with Roem and Pringgo Digdo at lunch yesterday given by latter. Indos advanced basic idea that Netherlands should transfer large powers to Prov. Fed. Govt. at time Republic's

entry therein, apparently having in mind that Republic would transfer its attributes sovereignty also to this government rather than to Netherlands. In particular, Indos considered Prov. Govt. should be accorded rights its own foreign representation, enabling Republic representatives pass directly into service Prov. Govt. instead of being recalled. They admitted they motivated by question of face, viz., what to do with Republic representatives already on foreign assignments, what to tell countries with whom Republic has treaty relations and what to do with Republic Ministry Foreign Affairs. Regarding other major issues which have arisen in Netherlands-Republic political talks, Roem and Pringgo Digdo stated they had largely reached agreement with Netherlands delegate on structure USI but that they wanted complete agreement on USI and Netherlands-Indo union before attempting decide arrangements for transitional period in order safeguard Republic's long-term interests. They also wished clarification regarding powers Republic would retain as state before it entered Prov. Govt. With reference plebiscites, they reiterated view plebiscites should follow 6 months after *Renville* Agreement and should be held only in Netherlands occupied areas, stating inhabitants Republic areas, being solidly Republican, would be puzzled and upset if called upon vote for or against inclusion in Republic, and expressing some question as to what alternative would be.

We took occasion to make clear once for all USDel's views these issues. We stated that under *Renville* Agreement there could be no doubt where sovereignty resided in interim period, that Republic had no right foreign representation and that Prov. Govt. would have no such right until sovereignty turned over to USI. As face saving device, we suggested Republic representatives be redesignated some sort commissioners or information officers, without diplomatic status, and pointed out there no excuse for reported Republic move obtain representation in Burma (Indos gave no sign they had heard of such move). We offered view that powers Prov. Govt. would initially doubtless be very limited but would be enlarged gradually until USI created. Regarding Republic's desire for assurances respecting its position in USI and union before committing self interim arrangements, we contended *Renville* Agreement itself contained ample assurances, guaranteeing that independence would be accorded USI and that Republic would carry full weight therein. We held that Netherlands had thus made most far-reaching concessions that could be asked and that any reluctance on part Republic to joint Prov. Govt. and cooperate fully in interim period could be based only suspicion Netherlands not intending carry out *Renville* commitments. Since we completely convinced Netherlands would not and could not fail live up to its Yalta.



agreement,<sup>1</sup> we unable sympathize any reasoning based contrary assumption. We considered main objective Republic now should be hasten creation formation USI which we believed depended faithful adherence by Republic to first of 6 principles. We expressed view that Netherlands could turn over sovereignty only to organized, functioning government and that any effort by Republic to retain sovereign rights could only delay formation such government any transfer sovereignty by Netherlands. Regarding plebiscites, we said there never any doubt plebiscites would be held throughout Java-Madura-Sumatra, that inhabitants Republic areas had right express free choice and that disposition on part Republic rule out plebiscites in Republic areas could only be interpreted by world as evidence Republic weakness. We further held that plebiscites were to follow political, not *Renville*, Agreement but that question of timing could be left for consideration when political agreement reached.

While atmosphere conversation most pleasant, it impossible to say degree to which Indos disappointed or influenced by our position.

In connection Republic's foreign representatives, Pringgo Digdo cited January 13 Kaliurang meeting as giving Republic reason expect continue such representation. We stated we regretted Republic had been misled at Kaliurang.

At end lunch we offered view that Republic might eventually decide there better method delineation states than through plebiscites, formation USI would be followed by delineation states on rational basis.

At Steer Committee meeting later in day (ourtel 218<sup>2</sup>), before we had chance brief him, Vredenburg took floor and went over much of same ground we covered at lunch, insisting that questions of Republic's foreign representation (particularly with respect reported extension representation to Burma) and of extent and timing of plebiscites be dealt with by PolCom on basis urgency. Vredenburg took severe line and pressed Republic very hard. On learning later in private talk with Dubois we endeavoring bring Republic around in informal talks, he expressed some dismay at his having forced issues in open at this juncture. It is hoped that this explanation to Vredenburg will result in continuation of crosstable talks on these points in *ad hoc* committee and easier attitude on his part.

Department pass Hague.<sup>3</sup>

LIVENGOOD

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<sup>1</sup> For Declaration on Liberated Europe, signed at Yalta, February 11, 1945, see Protocol of the Proceedings of the Crimea Conference, *Foreign Relations*, The Conferences at Malta and Yalta, 1945, pp. 975, 977.

<sup>2</sup> Telegram 270, April 6, not printed.

<sup>3</sup> This was done the same day.

501.BC Indonesia/4-648 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

CONFIDENTIAL

BATAVIA, April 6, 1948—4 p. m.

272. Gocus 219. Following is summary Indonesian Delegation's comments on Netherlands Delegation survey working paper reported Gocus 206<sup>2</sup> (Deptel 125, March 23<sup>3</sup>).

1. Indonesian Delegation notes with satisfaction object envisaged by Netherlands Government is settlement at earliest possible date.

2. Indonesian Delegation agrees that agreement on essentials be reached with regard USI and Union. Republic also resolved conclude agreements on constitutional formation leaving no room divergent interpretations.

3. Republic believes clear delineation of this objective will facilitate parties in devising transitional measures by rendering issue understandable to people.

4. Indonesian Delegation desirous that precedence be given questions regarding USI and Union, agreement on clear outline of which should facilitate settlement on transitional measures since these would then stand in light future. Order of political discussions should be reverse to order actual events.

5. For above reasons Indonesian Delegation cannot concur Netherlands Delegation view that "aim of agreement shall be incorporate Republican Government and its organs in Prov. Fed. Government and its organs".

6. Indonesian Delegation sees aim of agreement as having greater comprehensiveness, viz. creation USI and Union. Thus measures taken in transitional period will be of provisional character and not of far-reaching consequence.

7. Indonesian Delegation accepts formation of Prov. Fed. Government mentioned in first of six additional principles on which Netherlands may confer appropriate rights, duties and responsibilities as useful measure to arrive at ultimate object; as such, however, aforementioned formation can only be regarded as accessory to ultimate object.

8. Principles underlying Linggadjati Agreement still held in regard by Republic which hopes clear agreement can be worked out removing differences interpretation. However, Indonesian Delegation states that in addition 14-point formulation of Linggadjati principles by Netherlands Ministry of Overseas Territories, Linggadjati contains recognition of Republic which may be assumed to be known. In con-

<sup>1</sup> Repeated in telegram 134, April 9, 6 p. m., to The Hague.

<sup>2</sup> Telegram 254, March 31, p. 129.

<sup>3</sup> Not printed.

sidering 18 principles accepted both parties January 17, statement made by GOC January 17 should be consulted.

9. Netherlands survey paper conveys idea "the" Prov. Fed. Government already formed. Indonesian Delegation therefore inquires whether reference is to Prov. Fed. Government installed by Lieutenant-Governor General March 9. This connection Republic Government has issued statement deeply regretting formation by Van Mook of government under name of "Prov. Fed. Government" which neither in form nor content corresponds Prov. Fed. Government contemplated *Renville* Agreement and is nothing more than NEI Government in slightly new form. In opinion Indonesian Delegation, Prov. Fed. Government to be formed basis first of six additional principles is a provisional government for interim period on which Netherlands confers rights, duties and responsibilities. Prov. Fed. Government of latter designation has yet to be discussed. Discussions concerning formation of Prov. Fed. Government should principally concern rights, duties and responsibilities to be conferred by Netherlands, powers to be vested in Prov. Fed. Government in regard to individual states, especially Republic, and powers to be retained by individual states, especially Republic.

10. First of six additional principles which stipulates that during stated interval sovereignty throughout NEI is and shall remain with Netherlands, will form basis for negotiations leading toward political settlement. At time this principle accepted as basis, Republic which had earlier included Linggadjati Agreement with Netherlands had already led existence as state. Republic had established and conducted foreign relations. Republic willing become member USI on understanding that federation will have right to conduct independent foreign relations. Present problem is manner in which during interim period Republic's foreign relations are to be maintained so there will be no hiatus until emergence of foreign relations of USI. Foreign relations of Republic constitute undeniable reality. Republic has kept acting on *de facto* footing in some countries while several other countries are entertaining foreign relations with Republic on *de jure* basis. Problem could be solved by Netherlands ceding such sovereign rights to Prov. Fed. Government as to enable latter conduct foreign relations.

11. Respect views expressed Netherlands survey paper concerning "future status autonomous rulers, and special relations existing between crown and these rulers", Indonesian Delegation unable state its views since it not clear what Netherlands Delegation has in mind. In Republic there are certain regions called "special territories" but in current negotiations these regions do not figure other than as being part Republic.

12. Republic's understanding is that free will of people mentioned in fourth of six additional principles will be determined through



plebiscite and not "in some other manner". Indonesian Delegation wishes it understood that plebiscite will be held to determine wish of population of occupied territories of Java, Madura and Sumatra within period not less than 6 months from signing of *Renville* Agreement.

LIVENGOOD

501.BC Indonesia/4-848 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, April 8, 1948—10 a. m.

275. Gocus 220. Summary yesterday's Security Committee meeting as follows:

1. Netherlands delegation in sharp speech reviewed charges of Republican infringements of truce, including infiltration of Republican soldiers into Netherlands areas under instructions from TNI units to conduct sabotage and propaganda, organization of pro-Republican groups in Netherlands areas engaging sabotage, murder and intimidation and inflammatory broadcasts by Republican radios. Netherlands delegation contended Republican replies to these charges heretofore unsatisfactory and demanded immediate cessation such violations and issuance pamphlet by Republicans disowning subversive groups. Indo delegation agreed investigate and prevent infiltration Republican soldiers, suggested joint monitoring board for control radio broadcasts both parties, but pointed out Republicans had already disclaimed responsibility activities Partisan groups Netherlands areas and publicized its acceptance peaceful means settling dispute with Netherlands and considered further steps to discourage subversive activities in Netherlands areas uncalled for. Such activities, arising spontaneously, likely continue, Indo delegation contended, until Netherlands carried out truce by permitting resumption trade across lines, stopped violations truce by its naval units, accepted GOC January 17 suggestion for political amnesty, and agrees permit return of demobilized TNI troops to homes in Netherlands areas. Indo delegation also cited its recent letter to GOC submitting evidence of Dutch operated espionage ring in Bantam. (This connection, rumors current here of Dutch tie-up with bandit gangs Bantam which TNI has recently suppressed.) Netherlands delegation denied charge subversive activities Bantam, stated no consideration would be given Republican request for return 9,000 demobilized evacuees to west Java until infiltration stopped, and insisted Republicans publicly call on subversive groups Netherlands areas cease activities. In lengthy discussion, GOC offered view Republic had opportunity allay its supporter's fears of renewed hostilities,

which probably underlay anti-Dutch activities, that it could disavow methods employed by subversive groups without disavowing groups themselves, suggested Netherlands delegation could contribute by expediting resumption trade and evolving procedure handling SEA incidents, and arranged for parties meet in subcommittee discuss methods preventing specific types infringements. GOC also noted parties comments at last received on pamphlet drafted by GOC 6 weeks ago explaining *Renville* Agreement and obligations it imposed on both sides, and offered view dissemination this pamphlet should help ease situation.

2. Republicans expressed concern at Netherlands delay in releasing Republican military prisoners, noted Netherlands holding back until Republicans had supplied more information on missing Netherlands soldiers allegedly held by Republicans, and stated no further information available on such soldiers, most of whom never captured by Republicans. Parties agreed resume subcommittee meetings this matter and GOC made military observers available endeavor trace missing Netherlands soldiers.

3. Netherlands delegation brought up question turn-over by Republicans to Netherlands of Japanese and German nationals. Indo delegation requested delay until Security Committee's burden of work in effecting implementation truce lessened and until political discussions further advanced. Netherlands delegation accepted slight delay but stated matter urgent.

4. Parties took cognizance GOC suggestion local commanders both sides be authorized withdraw forward posts in order create demilitarized zone minimum 5 kilometers width both sides line all areas. Indo delegation strongly supported suggestion. Netherlands delegation refused consider any enlargement demilitarized zone until Republicans measures against infiltration and subversive activities effective but promised review matter fortnight hence.

5. Parties finally agreed text regulations for aircraft under general truce regulations.

It obvious parties still in serious psychological impasse. In effort reduce impasse in some degree, US delegation adviser April 6 in conversation with Stuyt<sup>1</sup> urged Netherlands delegation publicize reduction strength NEI Army, which Stuyt claims has been considerable, in order strengthen hand Republican Government. While top Republican leaders seem now reasonably convinced Netherlands intentions trustworthy, they obviously holding back from policy genuine cooperation for fear losing support militant and intransigent political and military elements. Little question that serious if small-scale disorders

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<sup>1</sup> Giacomo Stuyt, member of Netherlands delegation to GOC.

are resulting from Republican reluctance risk alienation any their adherents.

LIVENGOOD

501.BC Indonesia/4-848 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, April 8, 1948—4 p. m.

278. From Gocus No. 221. Political Commission yesterday considered report of subcommittee on first and second NethDel working papers and related Republic papers (ourtels 206, 208, 209, and 219<sup>1</sup>) covering field political agreement. Summary follows:

Subcommittee has achieved agreement on following:

1. While interrelated items political agreement will be discussed concurrently, agreement will not be concluded until understanding reached on all matters to be included in agreement. Agreement not to be signed until authorization given by both governments.

2. Parties may agree on method consulting will of population other than plebiscites.

3. Federation and union to come into being approximately same time with question whether establishment union and federation should coincide being left to juridical-theoretical discussion.

4. USI to be sovereign, independent and democratic state. NethDel wishes it understood this will not prejudice interdependence to be established in union.

5. Participation and membership USI to be open any territory Indonesia expressing desire by democratic procedure.

6. Head of state of USI to be elected by democratic procedure.

7. Member states USI to have democratic form government.

8. Constitution's member states to contain no provisions contrary principles USI constitution.

9. Powers USI to comprise management matters related foreign relations, defense, main problems economy and finance, Netherlands-Indonesian union, relations member states, other matters which can be dealt with adequately only on federal level.

10. USI to promote general interests Indonesian peoples as nation and common interests member states.

11. Rights minorities and fundamental rights and freedoms as provided UN Charter to be safeguarded.

12. Education and culture to be promoted and developed.

13. Legislative Assembly to be composed of upper house with member states represented on equal basis and lower house with representation proportionate population.

On following points, further discussion considered necessary:

1. Question whether principles Linggadjadi include recognition Republic and GOC statement of January 17.

2. Status autonomous native states.

<sup>1</sup> Telegrams 254, March 31, p. 129; 257, April 1, p. 130; 259, April 2, p. 133; and 272, April 6, p. 137.



3. How far it possible combine (a) determination whether populations Java, Madura, Sumatra wish territory included Republic or some other state; (b) selection constituent assembly; and (c) selection provisional representatives in order bring USI and union into existence soonest.

4. Sound financial and economic basis for USI (to be dealt with by EcoFinCom).

5. Institution common Indonesian citizenship has raised election representatives to upper house.

On following points, no agreement yet reached.

1. Incorporation of Republic in proof effort and effectuation of first of 6 additional principles with respect exercise by Netherlands of ultimate responsibility NEI.

2. Whether above principle does or does not give Netherlands discretionary power to transfer rights, duties and responsibilities to provisional Federal Government (i.e., whether Netherlands must do so).

3. Exercise for representation by Republic.

4. Date and extent plebiscites.

5. Status New Guinea.

6. Official language of USI.

(As in case all GOC documents, six copies above report mailed to Department.)

In PolCom discussion on procedure for reducing areas disagreement, Roem showed desire proceed obtain agreement on as many points as possible with view that residual items might then prove less knotty. Vredenburg, while conceding merits this approach, considered most critical issues in dispute (obviously referring interim period) should be faced concurrently, suggesting unless they solved, all other work might prove vain. He suggested GOC take active role, meeting formally or informally with one or two representatives' parties for thorough airing of issues. Roem appeared unresponsive idea increased participation GOC such discussions. (This most interesting reversal past attitude parties.)

In discussion, two major bones contention, Roem stated Republic would cease publicizing that plebiscites to be confined to Netherlands areas and stated he understood Republic had no intention expanding for[eign] representation, that he would seek definite assurances from Hatta this point soonest (Hatta now being in Sumatra), that any case Vredenburg had been misinformed this score <sup>2</sup> (last paragraph ourtel 216 <sup>3</sup>).

Department pass Hague.<sup>4</sup>

LIVENGOOD

<sup>2</sup> In telegram 330, April 21, 3 p.m., from Batavia (Gocus 238), the Department was informed that at the meeting April 19 of the steering committee Indonesian delegate Roem "gave assurance previously requested by Vredenburg" that the Republic would not expand its foreign representation."

<sup>3</sup> Telegram 268, April 6, p. 134.

<sup>4</sup> This was done the same day.

501.BC Indonesia/4-248 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

SECRET

WASHINGTON, April 8, 1948—5 p. m.

141. For Usgoc 86. It is evident (Gocus 200 and 201, Mar 25 and 210, Apr 2) that Republic disinclined enter provisional federal govt or discuss conditions under which it will participate interim govt contemplated *Renville* agreements. Dept aware possibility that Neth may prefer reach agreement with Republic on all political matters embodied *Renville* agreements before negotiating participation Republic interim govt.

Pls give Dept analysis relative positions Neth and Republic in respect of Republic participation provisional federal govt of Mar 9 and its successor interim federal govt indicating what action if any Dept may take to resolve apparent stalemate.

LOVETT

501.BC Indonesia/4-1048 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, April 10, 1948—noon.

284. Gocus 223. US delegate and adviser gave lunch April 8 for Roem, Pringgo Digdo and Latuharhary at which some discussion took place on main issues confronting parties. We took occasion reiterate importance Republicans entry provincial [*provisional*] federal govt soonest, stating Dutch could scarcely be expected turn over sovereignty except to organized, operating federal govt with some background experience, that we believed Dutch interested developing cooperation between Republican and non-Republican Indonesians, and that Republican delay in entering govt could only delay creation USI. Roem stated Republicans insistent upon agreement on form USI and Union prior discussion interim arrangements in order reassure people with respect future and expressed concern over statement attributed Dutch Catholic Party leader that Union would amount super state. We replied Dutch firmly committed to vesting sovereignty in USI. Roem observed Netherlands delegation so far unable discuss form Union. We said we understood Vredenburg had only now received instructions this matter and should soon be prepared go ahead.

In discussion necessity expediting and confining work main committees to essentials, we touched on serious need reconstruction all Indonesia, which would require foreign economic assistance, noting that USI's interest in economic rehabilitation Indonesia and observing that Republicans could benefit from any such assistance only if participating in provincial [*provisional*] federal govt.

At one point, Roem asked point blank if Dutch could be trusted. We reiterated we absolutely convinced Dutch meant carry out *Renville* Agreement, that we believed attitude top Dutch officials had undergone marked change in past months, and that recently Dutch had shown most encouraging optimism. Latuharhary said he also optimistic. Roem stated he personally satisfied Dutch intentions but task allaying suspicions on part peoples Republic would prove long and difficult. We inquired what steps Dutch might reasonably be asked take to convey reassurance their intention. Roem said Dutch should (1) remove present severe restrictions on freedom press, assembly and speech, (2) release Republican military prisoners, of which not one yet released since signing truce, and (3) release political prisoners, of whom Roem charged several thousands held by Dutch as potentially dangerous although not charged with any offense under penal code. Afraid that in discussing such matters with Dutch, Dutch invariably called attention evidence disregard of truce by Republican adherents, noting this connection captured message signed by TNI company commander in Netherlands area boasting of murder 2 unarmed Chinese, stating that in every Netherlands-occupied town "our men now busy as gangsters" and that "so far our deeds regarded by public as committed by looters". We added we would be in much stronger position request Dutch take action requested by Roem on above matters and also agree enlargements demilitarized zones if Republicans would take strong, open stand against subversive activities its partisans.

In course talk, Pringgo Digdo referred *Nieuws Gier* report stating formation new state called "Sundakapaun" comprising Batavia area now under consideration in response local demand. Indonesians openly cynical.

Atmosphere lunch most cordial. At end, Pringgo Digdo expressed hope similar meeting could be arranged with Sukarno and Hatta next week.

Dept pass Hague.<sup>1</sup>

LIVENGOOD

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<sup>1</sup> This was done the same day.

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501.BC Indonesia/4-1148 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, April 11, 1948—11 p. m.

285. Gocus No. 224. In conversation with Stuyt April 10, USDel adviser reported discussions held at lunch previous day with Roem and advisers (our telegram 223, April 10) and noted evidence current



psychological impasse in which each party reluctant take real step toward cooperation through mistrust of other, this relating to problem not only full implementation truce but also Republic's attitude toward discussion interim arrangements. We stated we thoroughly appreciated Dutch reluctance take any risks while important Republic elements ignoring truce and Republic Government showing little disposition take corrective steps but that since Dutch held major power Indonesia, initiative in breaking impasse would probably have to come from them. We urged Netherlands Delegation give most favorable possible consideration to release Republic military and political prisoners and to easing restrictions on freedom speech, assembly and press, which appear very repressive as set forth in newly submitted Republic working paper on relevant ordinances NEI Government. We also called attention frequent Republic reports of native *praus* seized or fired on along coast or in Republic harbors by Dutch naval ships and emphasized dangerous source friction such incidents represent.

Stuyt thought Netherlands would agree in subcommittee considering POWs to release 1000 of approximately 3000 Republic military prisoners now held. He also stated he would produce directive NEI Government under which enforcement restrictive laws on speech, assembly and publication not so onerous as laws themselves would indicate. Regarding Republic shipping, he said Netherlands forced retain right inspection in order control trade and shipment of arms, both internal and external. We replied we understood Netherlands must retain means controlling trade with other countries, which could be accomplished by patrols operating well off shore, but that it seemed to us that shipping between Republic ports, whether of arms or goods, could not be of great importance to Netherlands and might well be permitted, thus obviating necessity Netherlands patrols operating close Republic coast and in Republic harbors. Regarding all these issues, we considered liberal attitude on part Netherlands would entail no great sacrifices and might pay them some dividends. We stressed that while top Republic leaders now reasonably confident Netherlands intentions, Netherlands had still to make single really significant gesture friendship to Republic or confidence truce to which Republic leaders could point in attempting persuade followers that Netherlands to be trusted, that Netherlands had yet to match token of confidence given by Republic in evacuating 35,000 troops (which is latest Republic figure).

Stuyt replied he personally inclined liberal attitude, but Vredenburg and Riphagen regarded generous gestures as wholly useless so far as effecting change attitude Republic adherents concerned but might agree they worth trying as means strengthening our hand in dealing with Republic.

At end conversation, we brought up reported plans for "Sundakapa" state substantiated by a Netherlands item April 10 announcing formation committee called "Panitita Daerahid Temewadgakarta" to seek special status for Batavia. He [We] said any move by NEI Government toward further fragmentation West Java this juncture would, with respect stage current negotiations and of GOC report to SC on West Java, now being drafted, be inconceivably ill timed and could be interpreted only as serious political bungling or act calculated cynicism. Stuyt said he had heard nothing of plans for new state but would investigate.

Note: Information requested in Usgoc 86, April 8, contained in part in recent GOCUS telegrams. If Department considers points made in above conversation reasonable, we believe similar informal approach to Dutch in Washington and Hague could be most helpful in event we fail make headway here.

Department please pass Hague.<sup>1</sup>

LIVENGOOD

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<sup>1</sup> This was done April 13.

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501.BC Indonesia/4-1648: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, April 16, 1948—7 p. m.

308. Gocus 229. ReDept request for information relative positions Netherlands and Republic in respect Republic participation pre-USI government's (Usgoc 86 <sup>1</sup>):

Netherlands delegation appears most eager reach understanding with Republic on interim arrangements leading to Republic entry into Federated Government. Vredenburg makes point his keen interest speedy conclusion political agreement and deems it essential thorny issues involved in Republic transfer of powers to Netherlands GOC Provisional Federated Government be faced soonest lest other steps toward agreement prove vain. USDel not sure position Van Mook, between whom and Vredenburg dangerous divergence views may prevail, as Scott will explain, though Vredenburg now playing this down. Netherlands delegation has not yet given any indication what authority Republic and other Indonesian representatives would have in Provisional Federated Government, which will be vital factor to Indonesian delegation. Obviously futile expect men like Hatta, Sjahrir and Leimena act as figureheads in government in which full authority

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<sup>1</sup> April 8, p. 143.

retained hands Van Mook or expect Republic participate such conditions.

Indonesian delegation privately and openly insists complete understanding be reached on form USI and organs union prior discussion "transition" measures and is supported by Australian delegation. Vredenburg in steering committee, April 5, during discussion plebiscites noted Roem had referred 6 political principles as part *Renville* Agreement and stated he wished make clear Netherlands delegation position that these principles were an agreed basis for discussion but that only truce agreement was strictly an agreement. This is attitude Indonesian delegation respect first principle recognizing Netherlands sovereignty. With absence left-wing parties from Republic Government emphasizing present deep party schisms in Republic, Republic Government will have greatest political difficulty surrendering sovereign powers and no doubt still hopes retain them until transferring them to USI. It possible most important elements Republic determined Republic follow independent course indefinitely if need be, utilizing *Renville* Agreement to preserve security Republic's borders and obtain resumption trade. Meanwhile Indonesian delegation attempting obtain agreement with Netherlands delegation on all aspects USI despite technically correct Netherlands delegation position that many problems must be left Constituent Assembly. Indonesian delegation motivated by conviction other states merely false faces for Netherlands with whom all issues should go before, be settled before Republic loses bargaining position. (If west Java any example, "spontaneous" separatist movements are indeed lacking inherent vitality.)

With regard what can be done expedite political agreement and bring Republic into Provisional Federated Government, it apparent any influence on Republic must be exerted from here. However, we have few levers on Republic. Inducement effect of US loan to Provisional Federated Government largely lost if as reported Republic has succeeded contracting for \$100,000,000 in goods from US. (USDel would appreciate any information this matter from Department and on fantastic report Republic may succeed obtaining additional 500,000,000 to which Latuharhary refers as "top secret" information.) If political discussions reach complete deadlock, we believe best course would be for Netherlands make final proposal on form USI and union, terms on which Republic could enter Provisional Federated Government and powers Indonesian representatives this government and for USDel then inform Republic this absolutely best Netherlands offer obtainable and if Republic not prepared accept without further argument within two weeks, GOC would in USDel view be forced



conclude there no further point its remaining. We consider some kind deadline must in time be laid down. Otherwise negotiations here might last forever. USDel would appreciate Department view this plan pending receipt which we will not discuss with Dutch.

Critchley believes Republic will enter Provisional Federated Government if Netherlands offer on form union satisfactory (he suspects Netherlands intention make superstate of union) and if Provisional Federal Government follows model former Indian interim government with Indonesians exercising real authority subject only Netherlands check on highest level, actually with Netherlands retaining but avoiding exercising veto right.

Any event in order satisfy Republic's legitimate interests and allay Republic's congenital mistrust of Dutch, as well as give Netherlands unassailable record in event negotiations reach final breakdown, it essential to plan suggested above that Netherlands final proposals be generous and that in meantime Netherlands lean over backwards to be fair to Republic in current discussions on full implementation truce with respect freeing movement goods across *status quo* line, permitting seaborne trade between Republic ports, and release military and political prisoners. If Department concurs, we believe it not too early approach Dutch, Washington, and Hague on these lines.

Department pass Hague.<sup>2</sup>

LIVENGOOD

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<sup>2</sup> This was done April 17.

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501.BC Indonesia/4-1948: Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

SECRET

WASHINGTON, April 19, 1948—7 p. m.

159. Usgoc 88. Re last para Antara release enclosure ConGen's despatch no. 95 Mar 3,<sup>1</sup> Dept disturbed at implication by Hatta that US guarantees Jan 1, 1949 as "exact date establishment USI".

Following suggestions designed (a) remove misapprehension that US has guaranteed exact date formation USI, (b) facilitate working out with parties realistic time schedule for various phases future work in order minimize danger disillusionment at later date. Suggestions not intended slow up schedule which, as implied Gocus 225 Apr 12, may be accelerated to meet original target date of Jan 1, 1949. If agreement can be reached regarding time schedule, Dept believes full public announcement should be made on this matter promptly.

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<sup>1</sup> Not printed.

Phase 1. Agreement on essentials Republic's participation Interim Federal Govt and Republic's entrance Interim Federal Govt (target date June 1, 1948). Phase 2. Holding of plebiscites (target date beginning Dec 1, 1948, completion Jan 1, 1949). Phase 3. Calling of constituent assembly and drafting concurrently constitution USI and statute Neth-Indo union (target date Apr 1, 1949). Phase 4. Ratification USI constitution and Union statute by all parties, formal transfer of sovereignty to USI and inauguration Union (target date June 1, 1949).

Re Republic's reported attitude that agreed interval before plebiscites runs from date signing *Renville* agreement (Gocus 219, Apr 6), Dept considers principles *Renville* agreement must all become effective simultaneously; therefore, Republic cannot expect interval before plebiscites to date from Jan 17, while at same time Republic refuses real adherence 1st of 6 additional principles, as evidenced by Republic's reluctance discuss problems interim period (Gocus 210, Apr 2).

Dept believes you should continue use your influence to end that Republic enter Interim Federal Govt as first step, from which date interval before plebiscites should begin. Dutch should be encouraged make formal generous offer to Republic of terms and conditions for entrance Interim Federal Govt, holding negotiations beforehand with Republican leaders on form and powers such Govt, as distinguished from Provisional Federal Govt announced Mar 9.

LOVETT

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501.BC Indonesia/4-2048 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, April 20 [21?], 1948—11 a. m..

329. Gocus 237. ReUsgoc 80, March 29 [26]. Dutch state that formation political organism called "Daerahistimewa Sumatera Timoer" (roughly "embryonic State of East Sumatra") was approved by NEI Govt decree of October 8, 1947 in compliance wishes population as expressed by a committee instituted for this purpose. Decree also recognized committee as provisional representative body of new organism. Further decree of December 25 noted it was wish of those concerned that this Daerahistimewa henceforth be termed *Negara*. Subsequently provisional representative body drafted statute and organization *Negara* which was authorized by order of February 16 containing regulations concerning assignment government rights and powers to "*Negara* Sumatera Timoer". Events of March 15 were "nothing but solemn festive installation of organs of member state".

USDel unfamiliar with local situation East Sumatra, thought Livengood, who visited Medan February, might be able provide in

formation.<sup>1</sup> In general USDel inclined believe autonomous movements various *Negaras* and *Daerahs* are confined to individual political figures and coteries and that broadly based political movement, if any, are pro-Republic. Owing disorders and killings East Sumatra under Republic, pro-Republic sentiment there may be much weaker than in west Java. Several leaders autonomous movement East Sumatra formerly Republican, which not case west Java. Will endeavor obtain more information East Sumatra.

In areas taken from Republic, Dutch faced with alternative either (1) retaining military government or prewar type province or residency administration in which parties agree Indonesia had too limited role or (2) instituting government on state model, regardless whether known as such or not of representative character. It difficult see grounds Republic objection to Dutch pursuing second alternative. Seems to us violent Republic reactions based less on creation new state governments as such (unless Republic considers areas should be returned immediately its control without awaiting plebiscites) than on fact that investment new governments, without attendant fanfare and talk of "will of people", rubs salt in Republic's wounds and, despite Dutch assurances such states are provisional, appears give air permanence to dismemberment Republic. Republic has never for instant considered itself mere geographic part Indonesia or as other than political expression all Indonesian peoples.

GOC now awaiting Republic statement why it directed its representative at SC bring up East Sumatra when west Java and Madura debated. If discussion SC these two states proved unprofitable from Republic point view, East Sumatra will probably not be pressed. Our assumption is that any event question of creation new states by Dutch will be settled in terms west Java and Madura, on which considerable information will be available in GOC reports.

Department pass Hague.<sup>2</sup>

LIVENGOOD

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<sup>1</sup> In telegram 343, April 26, from Batavia, Consul General Livengood stated that, at the time of his visit, East Sumatra was "not yet fully organized as *Negara*."

<sup>2</sup> This was done April 21.

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501.BC Indonesia/4-2148: Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

CONFIDENTIAL

WASHINGTON, April 21, 1948—6 p. m.

161. For Usgoc 89. Dept officers have discussed with Matthew Fox and associates his contract with Indonesian Republic.<sup>1</sup> Contract,

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<sup>1</sup> Dr. A. K. Gani, former Indonesian Republic vice premier, was agent in signing the contract in January at New York.



copy of which being airmailed, provides for establishment Indonesian-American Corp which is to act as sole agent Indo Rep Govt in sale in US of commodities owned by Rep as governmental entity, and to act as sole agent of Rep in procurement in US of goods and services required by Rep. Actually, Corp would interest large US firms program, each firm to pursue its own transactions, in some cases with Fox financing. Contract relates both to immediate commercial operations and long term reconstruction plans. Dept officers told Fox's associates early January contract was unsatisfactory to Dept for following reasons:

a. Rep not sovereign and trade between Rep as sovereign and American nationals, would be derogation Neth sovereignty interim period and USI sovereignty later period.

b. Performance under contract would appear to Dutch and others as derogation neutrality US as member GOC.

c. Contract of this monopolistic character possibly contrary to US Govt's free trade, anti-governmental-trading policy.

d. Public knowledge existence this contract would provide Communist and other unfriendly states with opportunity to bring charges of alleged US imperialistic designs on Indonesia.

In conversations with Fox above points made forcefully in addition to following:

e. Successful implementation *Renville* Agreements (formation of USI, of union, and holding of plebiscites) appears to Dept to depend in large measure on willingness of Rep to participate in interim govt under reasonable conditions to be negotiated between Neth and Rep delegations. Rep now engaging in delaying tactics because of unwillingness to give up certain attributes of sovereignty under Prin 1 *Renville* Agreements particularly control foreign trade. Dept convinced Rep more encouraged this position than by any other single practical consideration by prospect of large operations under Fox-Gani contract. Dept determined to spare no effort to secure absolute compliance *Renville* 6 principles both parties and earliest possible formation interim govt including Rep (Goc 229, Apr 16). Therefore, Fox requested abrogate contract. Monopolistic character contract reserved future discussions.

Fox, apparently reasonable and sincere, assured Dept that he would do nothing to embarrass US Govt and would consider at once how he could extricate himself from moral and legal commitments to Rep. He suggested desirability going to Jogjakarta to explain inability to continue contract and persuade Republican leaders desirability their earliest entrance interim govt and consequent acceptance Neth sovereignty interim period. Dept told Fox it considered this undesirable as his appearance Jogjakarta would be subject to misinterpretation by Rep and USSR. Fox suggested sending subordinate whose presence

Jogjakarta would attract less attention. Dept replied negatively but did not definitely refuse.

Since Fox-Gani contract first brought to Undersecretary by van Kleffens who offered, in interest of harmony and avoidance embarrassment US Govt, make no capital of it, Neth Emb Wash advised foregoing.

Foregoing for your info and comment with particular reference to desirability travel Jogjakarta of Fox or his representative.

Sent Batavia as 161. Repeat The Hague as 150.

LOVETT

501.BC Indonesia/4-2148: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

RESTRICTED

BATAVIA, April 21 [22?], 1948—9 a. m.

332. Gocus 239. ReDeptel 125, March 26.<sup>1</sup> Following is summary Netherlands delegation working paper concerning principal outlines structure Union submitted Political Committee April 20 and referred subcommittee for study. Full text airmailed soonest.

1. Netherlands and USI united in Netherlands-Indo Union as sovereign states in equal partnership, Netherlands to sponsor USI in UN.

2. Union based statute drafted by "round table conference" soonest possible. Indo delegation to consist representatives various territories.

3. Any part Indonesia not joining USI to form part United Kingdom Netherlands.

4. Union not super state nor its organs super govt. Union will have jurisdiction and administrative authority in own sphere.

5. Union's sphere includes cooperation foreign relations, defense, finance and matters economic and cultural nature. These common interests to be insured by cooperation and consultation.

6. Union guarantees lasting cooperation between partners and assures mutual assistance, mutual exercise citizenship Netherlands and Indo citizens as well as maintenance fundamental human rights and freedoms and sound administration in the two parts.

7. King and successors head Union.

8. Union organs formed basis parity.

9. Council Union Ministers as supreme executive organ will be ministers each of partners.

10. Legislation re Union affairs passed by parliaments both partners.

11. Union as such can participate international intercourse. Partners may conduct own foreign relations subject provisions statute re cooperation and consultation.

12. Financial and economic relations between Netherlands and USI regulated separate agreements.

<sup>1</sup> Not printed.

13. Council of Defense to consist members Council Union Ministers and joint Union staff experts.

14. Partners provide for territorial defense their area by own forces but such forces organized contribute to common defense.

15. Common defense measures enable partners fulfill international obligations. Scope these measures to be in separate agreements and as necessary forces of partners may be stationed each other's territory.

16. Advisory assembly to be formed delegates 2 parliaments from which joint standing committees would be appointed consult preparing Union legislation, et cetera.

17. If any differences opinion in Council Union Ministers or between two Union Ministers, may be agreed partners act accordance advice requested from advisory committees or by award *ad hoc* body.

18. Union Court Justice composed supreme judiciary of partners will settle legal disputes and be open to partners and member states as well as individuals. Court to have power judicial review legislative and administrative measures under Union statute.

19. Each partner defrays half expense Union organ while cost common defense apportioned accordance separate agreements.

20. USI High Commissioner would reside in Netherlands to further NEI interests there and vice versa.

Dept pass The Hague.<sup>2</sup>

LIVENGOOD

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<sup>2</sup> This was done April 22.

501.BC Indonesia/4-2148 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, April 21 [22?], 1948—11 a. m.

333. Gocus 241. Further Gocus 239,<sup>1</sup> Vredenburg and Riphagen in answer to questions by member USDel offered following clarifications Netherlands delegate working paper on structure Union:

1. "Round table conference" would be study group to prepare draft statute and present to parliaments both partners for ratification. Indonesian delegate would also have representatives of minorities if minorities not otherwise adequately represented by representatives various territories.

2. Those parts Indonesia not joining USI would have special relationship to Netherlands envisaged Linggadjati and would not become integral part of Netherlands. Result this relationship would be formation United Kingdom of Netherlands as other partner in Union in place Netherlands.

3. Union's guaranteeing sound administration in two parts Union does not mean interference in domestic affairs either part by Union.

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<sup>1</sup> *Supra*.



4. Organs of Union would be, among others, Council of Union Ministers, Defense Council and Union Court Justice. Other organs would be established when desirable.

5. Union participation in international intercourse means diplomatic representation as well as participation in international organizations. It does not mean that Union would have diplomatic representation where partners had such representation. In event partners unrepresented, Union representative could act for them. Measure principally one of economy.

6. In reply to question re provision for Netherlands forces in Indonesia and vice versa, Vredenburg said quite confidentially that Netherlands believes substantial Netherlands forces required during early period USI to strengthen USI position in this difficult period, but that thereafter Netherlands had no intention and in fact would not be able have more than a small group, 10,000 or 15,000 men, in Indonesia. Bases and air installations would be required however in state of readiness, not necessarily for internal purposes. He believes Netherlands people would never send large forces to Indonesia to keep internal order.

7. Re Union Court Justice, Vredenburg said Netherlands delegate was anxious establish regular procedure for settling of legal problems in a Union system of courts and that they were most anxious not to have the ICJ thought of as a normal situs for settling such cases between partners although of course in special cases ICJ could be resorted to.

Dept pass Hague.<sup>2</sup>

LIVENGOOD

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<sup>2</sup> This was done April 22.

501.BC Indonesia/4-1648: Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

SECRET

WASHINGTON, April 22, 1948—3 p. m.

163. For Usgoc 90. Dept had on previous occasions suggested informally to Helb, Neth Emb Wash, program similar to that described your 229 Apr 16. Scott, Nolting<sup>1</sup> and Lacy have informally proposed to Helb today course suggested your 229 with request that he secure concurrence Hague soonest. For your confidential info Helb agreeable your proposals. Results Neth Emb's approach to Hague will be telegraphed you immediately they are received by Dept.

While at Hague Scott was provided unofficially translation Neth working paper on structure Neth-Indo union, substance of which

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<sup>1</sup> Frederick E. Nolting, Jr., of the Division of Northern European Affairs.

should dispel Critchley's fear of superstate concept (penultimate para your 229). We believe formal submission this paper of greatest importance to success of full program. Pls advise status working paper after consultation Vredenburg, and indicate what steps, if any, Dept may take to effect its formal presentation.

LOVETT

501.BC Indonesia/4-2348: Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

SECRET

WASHINGTON, April 23, 1948—7 p. m.

165. For Usgoc 91. Soemitro, representing Indo Rep Banking and Trading Corp, also one of negotiators Fox contract, was advised by Dept officers Apr 21 of Dept's disapproval Fox contract and acquainted with reasons Dept's disapproval (Deptel 161 Apr 21). Soemitro, while not agreeing Dept position, said he fully understood it and expressed gratitude frank discussion. Soemitro has on previous occasions expressed his belief Dept controlled by Wall Street financiers. Dept's position Fox contract obviously surprised Soemitro this connection.

Dept took occasion discuss frankly with Soemitro present reluctance Rep to discuss terms participation interim govt and character psychological impasse, Gocus 224, Apr. 12 [11]. In this connection Dept officers assured Soemitro they entirely convinced Dutch acting in good faith and determined upon strictest compliance *Renville* agreements. Soemitro identified West Java conference, Madura plebiscites and Dutch repression of free assembly as evidence Dutch lack of good faith. Dept observed West Java and Madura incidents can be judged only on basis of facts which by SC direction now matter for GOC determination and report to SC. In respect of right of free assembly, Dept agreed extremely important for Republic electioneering before plebiscites. Dept reminded Soemitro that upon Rep's entrance into interim govt, unfettered right of free assembly automatically guaranteed.

Following conclusions drawn from Soemitro's conversation:

(a) Rep hopes to remain outside interim govt, transferring its attributes of sovereignty only to USI, which it believes it will dominate. Soemitro when pressed, admitted Rep's obligation under *Renville* agreements to enter interim govt but maintained that Rep would insist on controlling foreign trade and maintaining foreign reps abroad even while participating interim govt. Dept explained complete practical impossibility such arrangement, to which Soemitro at length appeared to agree.

(b) Rep regards *Renville* agreements as "a phase" in attainment complete independence. When asked to define "complete independence"

Soemitro replied that independent USI was Rep objective and that equal partnership with Neth not excluded Rep concepts. Dept pointed out these precise objectives embodied *Renville* agreements. Soemitro replied affirmatively "if *Renville* agreements were honestly carried out".

Dept maintained throughout conversations that its only interest was in contributing to strictest compliance *Renville* agreements which in Dept view offered only hope independence Indo people through evolution in remarkably short time and voluntary association Neth and Indos for mutual benefit; assured Soemitro US interest Indo people had no earmarks imperialism pointing to opposition Fox contract as proof.

At end three hours discussion Soemitro, visibly impressed, expressed gratitude frank discussion and stated that he believed US best friend of Indo people which lately he and his colleagues had begun to doubt.

He added that he proposed return Jogjakarta earliest opportunity discuss these matters with Rep Govt.

Sent Batavia as 165 Rptd The Hague as 157.

LOVETT

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501.BC Indonesia/4-2648 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, April 26, 1948—2 p. m.

347. Gocus 247. In line Usgoc 88<sup>1</sup> received April 23, USDel today submitted thousand word working paper to GOC on urgent desirability parties agreeing soonest time-table steps to be taken toward creation sovereign USI and Netherlands-Indo union. Paper expands arguments cited by Department in favor this constructive step and takes position whole process must be timed upon phase 1, which we construe as signing political agreement, including form USI and union, plus Republican entry provisional federal government. Paper also presents case to show there no room for doubt plebiscite or other means consulting popular will must be timed upon political not *Renville* Agreement. View absolute impossibility getting agreement this juncture even in GOC on specific target dates, paper proposes phase 1 as D-Day, phase 2 as D plus 6 months, phase 3 as D plus 9 months and phase 4 as D plus 11 months, stating that if GOC agrees, parties should be immediately approached informally with view their announcing agreement publicly on such time-table, follow-

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<sup>1</sup> April 19, p. 148.



ing which they should give earliest attention assignment specific target dates to the four phases.

Paper explains time-table not meant retard tempo process toward final step which might well be accelerated. Also notes that if phase 1 accomplished by June 17, plebiscite could follow within year of *Ren-ville* Agreement.

Appears possible parties may agree combining plebiscite or equivalent step with election Constituent Assembly.

Some evidence Republicans as well as AusDel swinging away from plebiscites in favor delineation states by Constituent Assembly and even that some Republican figures coming consider whole question of number and area states not of primary importance if USI to be truly sovereign.

Department pass The Hague.<sup>2</sup>

LIVENGOOD

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<sup>2</sup> This was done April 27.

501.BC Indonesia/4-2848 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, April 28, 1948—2 p. m.

351. Gocus 248. Ourtel 247:<sup>1</sup> Upon receipt USDel paper on time-table future phases negotiations: Vredenburch in letter DuBois stated (1) not slightest doubt his mind original target date cannot be met, (2) he fully agrees all steps must be timed on political agreement, (3) his Indonesian friends consider possible reach paper agreement with Republic but doubt Republic able implement it, though he personally somewhat less pessimistic, (4) he doubts wisdom limiting preplebiscite period this stage to 6 months, and (5) he considers periods suggested for last 2 phases far too short and nothing to be gained by establishing target dates probably impossible meet.

Riphagen later pointed out Netherlands could assume no responsibility for time taken to draft and ratify USI constitution, which would be purely Indonesian matter.

In GOC meeting yesterday long and somewhat sharp discussion held on USDel paper. Critchley held to view no purpose to be served by establishment timetable before political agreement reached and no harm likely result should those who expect transfer sovereignty on January 1 continue expect so for few more months. His position undoubtedly based on unwillingness apply pressure on Republic to reach political agreement. He stated frankly he believed it would make no difference if ProvFedGovt including Republic never formed at all.

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<sup>1</sup> *Supra*.

We replied only difference in our view would be that sovereignty could never be transferred. Critchley also argued there no reason why USI could not be set up by January 1. Herremans also (we believe for personal reasons) expressed view creation USI and "end GOC work" possibly by January 1. Result was stalemate on USDel proposal.

At same meeting, discussion equally long and sharp on draft pamphlet explaining *Renville* Agreement on which GOC has been endeavoring get agreement parties for 2 months. Pamphlet had been redrafted by USDel last week in light comments by parties on original USDel draft, NethDels comments having taken form of rewritten pamphlet received 6 weeks after submission original. Drafting of current version (after talks with Riplagen) very ticklish owing extraordinary sensibilities parties. However, GOC subcommittee approved draft with minor changes with exception statement plebiscite will be held throughout Java, Madura and Sumatra unless parties agree plebiscite not most satisfactory method delineating states. Cutts<sup>2</sup> wished substitute original *Renville* phrase "in the various territories of Java, Madura and Sumatra". Argument continued in GOC meeting, in which USDel pointed out Dutch campaign propagandizing of Republic contention plebiscite to be confined Netherlands areas, would not accept pamphlet without specific statement plebiscite to be held throughout 3 islands, which we stated we considered fully justified. Critchley defended Republic position and maintained even if plebiscite held Republic areas, Republic must be treated as unit with voters offered choice merely voting for or against inclusion in Republic. We noted this directly contrary letter of principle. Herremans suggested "compromise" statement that "unless parties agree there more satisfactory method, plebiscite will determine what states to be in Java, Madura and Sumatra." We had no choice but accept in order avoid position opposed both other delegates. Hence onus rejecting pamphlet will be on Dutch.

Incompetence Herremans resulting increasing embarrassment USDel and evidently giving Claeys Bollaert much concern.

Department pass Hague.<sup>3</sup>

LIVENGOOD

<sup>2</sup> T. W. Cutts, member of the Australian delegation to GOC.

<sup>3</sup> This was done April 29.

501.BC Indonesia/4-3048 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, April 30, 1948—11 a. m.

357. Gocus 251. Pringgo Digdo in course visit yesterday brought up question interim period, no doubt in response USDel working paper on timetable.

He contended, clearly without much hope convincing us, that Republic should maintain its position intact until transfer sovereignty, eliminating interim arrangements, failing which he considered interim period must be confined 1 or 2 months if Republic not to be placed in impossible political situation. We again reviewed impelling reasons Republic participate Provisional Federal Government and stated we believed length interim period would depend less on Dutch than on rate Indonesians able organize essential administration and services, that we believed Indonesians would be staggered by immensity task and that transfer functions to Indonesian part Provisional Federal Government, while gradual, would be steady and rapid, with actual independence day of slight practical significance. Pringgo Digdo not convinced, insisting necessary Republic maintain present position, particularly with respect maintenance armed forces. He said NethDel requiring elimination TNI interim period partly through demobilization, partly through absorption federal forces.

He conceded it out of question Republic continue support present forces but stressed overhasty demobilization would be most difficult with respect reabsorption demobilized soldiers civil life and great danger that demobilized soldiers and TNI itself, if its survival threatened, would come under influence Left-Wing group. (Note: Socialist, Labor, Communist and Youth Parties now joined in FDR, translated Peoples Democratic Front in which Sjarifuddin, formerly Minister Defense and influential with TNI, is active leader.) Pringgo Digdo emphasized equal importance question Republic security interim period, conceding he has faith Vredenburg working for fair settlement but that Vredenburg is man who will unswervingly carry out policies his government and Republic has no assurance present Netherlands Government will not be superseded by conservative coalition. (He refrained from stating, what also in his mind, that Linggadjati had been followed by police action directed by Van Mook, who still in office.) He acknowledged TNI would require complete reorganization and re-equipping when merged with federal forces and that Dutch help would be essential, but saw no reason why this could not await transfer sovereignty.

Other function present position which Republic could not surrender, according Pringgo Digdo, was foreign representation. We expressed amazement importance attached this matter, stating we confident Netherlands had nothing drastic in mind and advising Republic let matter ride for present and keep it out of newspapers. Regarding TNI, we discussed possibilities converting demobilized units to work corps but on main problem we noted we had not seen NethDel working paper or discussed problem with Netherlands. When we had done so, we hoped have discussion with IndoDel covering whole field interim



period with special reference our working paper on delineation states, copy of which we gave Pringgo Digdo.

Pringgo Digdo said whole field of union now covered in subcommittee with only one deadlock, namely, right of individuals and corporations to appeal to union court.

Department pass Hague.<sup>1</sup>

LIVENGOOD

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<sup>1</sup>This was done May 2.

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501.BC Indonesia/4-3048 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, April 30, 1948—2 p. m.

358. Gocus 252. Critchley today proposed to USDel that GOC endeavor agree on common proposal respecting delineation states which parties would be asked accept and which he could plug during 2-day trip he making with Hatta May 4. He said he supported USDel working paper in part but believed regencies or equivalent units (of which there 21 in Java) should form electoral districts and constituent assembly be free delineate states with provision that Republic agree specified minimum number states Java, Madura and Sumatra if Dutch desire and that technical SubCom set up after political agreement to make recommendations delineation states. He stated Republic still conceives of itself as big state within USI and while agreeing with US that geographical extent Republic would be unimportant, implied our working paper unacceptable by presaging at this stage subdivision Republic and encouraging formation provisional governments states in interim period. We replied that once Dutch had agreed regencies to be electoral districts, there no assurance Republic would ever see way to agreeing on boundaries states in technical SubCom, that an uninstructed ConstCon, subject all kinds political discords, seemed poorest place in which settle delineation states, that provision for delegates in ConstCon to represent future states appeared far more likely assure confirmation rational delineation already agreed on, and that we believed parties should make maximum progress during present and interim periods toward final organization USI in order hasten transfer sovereignty. Critchley stated our plan would merely lead inconclusive arguments between parties further delaying political agreement. He made clear he could not support our plan as it stood any case and that it necessary therefore draft plan which GOC as whole could back since parties if left themselves would get

nowhere. We agreed consider draft of his plan but would reserve decisions until we had obtained reactions parties to our own.

Department pass The Hague.<sup>1</sup>

LIVENGOOD

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<sup>1</sup> This was done May 2.

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501.BC Indonesia/4-3048 : Telegram

*The Secretary of State to the Consulate General at Batavia*

SECRET

US URGENT

WASHINGTON, April 30, 1948—7 p. m.

178. Usgoc 93. *NY Times* Apr 29 reports from Lake Success: "Indonesian Republic is seeking hearings before SC to charge Neth Govt with sabotaging *Renville* Peace Agreement, which ended Dutch-Indonesian war Jan 17". In press conference Palar and Tjoa<sup>1</sup> stated they had presented informal appeals to Council members to investigate immediately Dutch violations of *Renville* Agreement, including alleged naval blockade, delaying negotiations for final agreement, establishing puppet govts, suppression free speech and assembly.

Presumably as result charges made by Rep reps Lake Success, Tsiang (China) in SC meeting Apr 29, requested President Lopez SC to send cable GOC urging submission report on progress events and present conditions. Lopez agreed to do so.

Suggest your discretion, after concurrence GOC, you approach Hatta, Soekarno, and Roem, pointing out invalidity bases Palar's charges and asking whether allegations Lake Success were made on instruction Rep Govt. If answer is negative, request official and public disavowal these statements.

*NY Times* reports Tjoa "explained that he was taking this indirect method because his government had communicated many protests to the GOC during the past 2 months without either results or acknowledgment and that he felt it necessary now to make an 'unofficial' approach."

In course conversation suggested foregoing point out firmly to Hatta, Soekarno that such methods bringing pressure on GOC entirely inconsonant with previous agreements between GOC, Neth and Rep Dels, and an altogether unwarranted reflection on good faith of GOC.

Dept considers it unlikely that Rep reps Lake Success will fail raise these issues at next SC discussion Indonesia. Therefore, it would be highly desirable that discussions SC these allegations focus on progress report rather than report Madoera West Java. Accordingly, suggest GOC prepare immediately report of progress in accordance President

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<sup>1</sup> Members of Indonesian delegation at New York observing the UN sessions.

SC's request, advising SC such report to be submitted promptly. In this event, USDel Lake Success will be in position to press for postponement hearing Indo case including West Java and Madoera problems until progress report received. Advise Dept mailing date report.

Dept cannot escape conclusion that, if this *démarche* was made on official instructions, Rep, doubtless advised by Australia, Fox, Isbrandtsen and others, is attempting to avoid logical consequences of program outlined Gocus 229, Apr 16, Usgoc 90 Apr 22. If you agree that such is Reps intention you may wish to point out to Hatta and Soekarno that such tactics must inevitably result in abrogation *Renville* Agreements and that since these tactics have been engaged in by Rep, its position with US Govt, SC, and world opinion will be unenviable in the extreme. Dept suggests you remind Hatta and Soekarno that GOC has been only effective defender their just ambitions, that continued misrepresentations of work of GOC by Rep reps at Lake Success cannot fail boomerang on Rep.

Sent Batavia as 178. Repeated The Hague as 163.

MARSHALL

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501.BC Indonesia/5-748: Telegram

*The Secretary of State to the Consulate General at Batavia*

SECRET

WASHINGTON, May 7, 1948—2 p. m.

187. Usgoc 96. Neth Emb Wash has informally supplied Dept copy intercepted message from Hatta to Palar which instructs latter to bring about discussion next SC debate Indonesia following points: (1) Reps desire maintain foreign representation (2) Reps opposition to plebiscites in Rep territory, claiming such would deny foreign representation (3) Rep desire that Neth now confer maximum authority on interim govt to be negotiated.

Dept hopes avoid discussion in SC subjects this nature, particularly since they are presently and properly subjects of negotiation Neth and Rep before GOC. Knowing that you concur Dept position, suggest you request Hatta to direct Palar avoid discussion SC points enumerated foregoing and similar subjects referring to previous agreements Neth and Rep dels to avoid contentious disputes before SC and fact that persistent short-circuiting GOC certain to backfire on Rep. Make no reference to intercept.

MARSHALL



501.BC Indonesia/5-748 : Telegram

*The Secretary of State to the Consulate General at Batavia*

SECRET

WASHINGTON, May 7, 1948—6 p. m.

188. Usgoc 97. Neth Emb Wash has informally provided Dept with following paraphrase secret tel Palar, NY to Hatta: "(1) Good bargaining position now possible for Repub because of world situation. (2) Neth position presently unfavorable since Neth cannot secure loan from US unless and until Neth has settled dispute with Repub. (3) Because US desires raw material originating Indonesia it will not permit Dutch to resume hostile action Indonesia. (4) US Army determined to circumvent Neth blockade Repub trade because of its special military interests and consequences this will be evident near future. (5) Repub position may be strengthened by successful conclusion discussions with oil group in US now in progress."

Foregoing tel substantiates Dept's belief (Deptels 161, Apr 21 and 184, May 5<sup>1</sup>) that Repub's reluctance discuss terms entry into interim govt, together with general intransigence respect negotiations, is due in large measure to prospect profitable commercial connections here with US Govt approval. Degree to which Repub is relying on supposition US financial assistance to Neth entirely dependent on Repub action appears far greater in light foregoing than heretofore supposed.

Reference to world conditions, point one foregoing, Dept supposes means Repub belief that continued deterioration US-USSR relations, presupposing hostilities in Europe and Asia would provide Repub opportunity to remain outside conflict, since Neth would presumably be obliged to withdraw NEI, and therefore to continue present dilatory tactics in respect of final settlement in anticipation of that contingency. Reference to position of US military is product of Palar's imagination only since Dept has not been pressed by military to secure commodities from NEI.

Dept takes most serious view of predicates Repub position as indicated foregoing and believes Repub leadership must be disabused such notions quickly and firmly. Accordingly, please find appropriate and effective opportunity approach Hatta, Roem, and if necessary Soekarno to make following points abundantly clear without reference of course to Palar-Hatta exchange described foregoing.

(1) US Govt hopes Repub not constrained to delay or endanger present negotiations objectives of which are achievement peace, prosperity and democracy in Indonesia in favor of prospect of war in Europe or Asia. Objective US policy toward Indonesia is peace and creation those conditions in which peace can be permanent. US would

<sup>1</sup> Latter not printed.

regret to see Repub govt assume that there can be advantage to it in disturbed world situation. (2) From nature of case conditions under which US Govt will grant loan to Neth Govt cannot be materially affected by transparent delaying tactics on part Repub. In considering loan to Neth US will obviously take into account question as to whether Neth and Repub have reached final political agreement. However, you should point out to Repub that should US become convinced that Repub is attempting to use this as lever against Dutch in such way as to make agreement impossible or even seriously to delay it, Dept would, of course, in making its recommendations to EXIMBank be compelled reconsider its entire position with respect to loan, including the desirability of extending it to Neth with or without Repub participation. Dept leaves your discretion how you should make clear once and for all to responsible leaders of Repub that no negotiating advantage can accrue to them from fact that US is considering extension of loan. You may also choose to relate this statement to chronological limitations on negotiations imposed by target date program, Gocus 247, Apr 26. (3) Policy US Govt vis-à-vis Indonesia not dictated as Repub apparently supposes by economic compulsions such as US requirements for raw materials. It might be useful here to point out that there are any number of positions the US might have taken if this had been its principal concern; in this connection, pls recapitulate Dept's position in respect Fox contract and all transactions contemplated thereunder, set forth Deptel 161, Apr. 21, disposing of this Govt's attitude toward negotiations with oil group (Point 5) in this manner. Military has not requested Dept to secure commodities from Indonesia for reasons of US military interests; on contrary Dept is in receipt letter from Munitions Board expressly stating there no urgency respect NEI commodities for stockpiling.

Since you cannot refer to tel intercepted by Neth and since in any case US would not act on basis evidence this nature, suggest you predicate your approach on impressions Dept officers have gathered as consequence of several conversations with Indonesians in US, Fox and his associates, as well as broadcasts from Repub controlled radio and press.<sup>2</sup>

Sent Batavia as 188; rptd The Hague as 174.

MARSHALL

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<sup>2</sup> Telegram 192, May 8, 2 p.m., Usgoc 98, to Batavia, added that Under Secretary of State Lovett on May 7 had read the text of this telegram to the Netherlands Ambassador who had asked for a paraphrase of it. (501.BC Indonesia/5-848)

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501.BC Indonesia/5-1048: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, May 10, 1948—2 p. m.

385. Gocus 261. Upon receipt Usgoc 93<sup>1</sup> at Wonosobo, we approached Hatta regarding Tjoa statements. Hatta agreed make public

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<sup>1</sup> Telegram 178, April 30, p. 161.

statement Tjoa acted without authorization when facts re his alleged statements confirmed. Roem later told Dubois, Tjoa twice been ordered return Java but twice reported unable to secure seat on plane. Department might help.

While US Delegation believes Republican Government probably not immediately responsible Tjoa's inexcusable actions, charges made by him will probably be restated by Palar during any debates Indonesian question. US Delegation fears its reporting seriously deficient if it has allowed Department believe GOC, with Australian Delegation a member, would undertake point out to Hatta "invalidity" bases Tjoa's charges. Contentions that Dutch denying freedom speech and assembly, setting up puppet regimes and blockading Republic, anything but baseless. NEI Delegation has never even bothered reply to Republic's complaint of prevention plebiscite meetings Netherlands areas, and NEI government regulations pertaining freedom assembly and publication are most restrictive. Regarding naval blockade, while Dutch strenuously object this term, fact is Republic desperate for medicines, its motor transport almost extinct, much of population reduced wearing gunny sacking and goatskins and that no way is offered Republic obtain goods from abroad unless it submits being totally disarmed, which is demanded by Dutch as price its entry Provisional Federal Government.

In estimating likely course Republic in SC, Department should also bear in mind Republic unimpressed by results GOC to date. While agreement on principles resumption internal trade and exchange political prisoners obtained in subcommittees, fact remains only tangible gains accruing Republic as results 6 months presence GOC consist of return 1,000 POWs and absolutely nothing else, which Dutch seem utterly unable appreciate.

As stated Gocus 229,<sup>2</sup> possible solution deadlock through presentation final Dutch terms and threat withdrawal GOC will in US Delegation's view be ineffective unless Dutch record unassailable. This is certainly not case so far and will not be while Dutch, among other things, continue hold thousands political prisoners (Republic estimate is 30,000). As previously reported, US Delegation has tried in vain interest Dutch effectively in their position in SC. Suspicion grows that Dutch expecting showdown to be covered by US Delegation here and by US in SC. US Delegation still considers persuasion in Washington and Hague most necessary if Dutch position to be made secure.

Following return Dubois and Ogburn Batavia May 7, US Delegation had long and warm discussion Riphagen covering whole field dispute but centering upon Netherlands' demand TNI be totally disbanded outset interim period partly through demobilization and partly

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<sup>2</sup> Telegram 308, April 16, p. 146.



through absorption in federal forces, which would be tantamount transfer to Netherlands control, since other states will outweigh Republic in Provisional Federal Government as envisaged at present. We emphasized it absolutely impossible any Republican Government agree such demand and survive, that if Netherlands persisted such demand (which Republic would sooner fight than accept) political agreement was out of question. Riphagen declared other states would never submit Republic alone having army, that this would be intolerable situation and that it struck him *Renville* principles now in discard. We said retention TNI by Republic as militia with its gradual demobilization and absorption federal forces contemplated during interim period as Republic gained confidence through exercise power Provisional Federal Government would not be contrary *Renville* principles, that other states far from being defenseless had Netherlands army protect them. Riphagen refused concede Republic could not disband TNI if Republic represented in Provisional Federal Government and even offered fantastic suggestion federal troops (i.e., Netherlands army) be used in dealing with TNI should it resist extinction. (This connection press statement by Republic Minister Information points out 4th of 12 political principles provides gradual reduction armed forces both parties following political agreement, implying existence Republic armed forces interim period.)

Discussion Riphagen highlighted what seems to us essential fallacy Netherlands position, namely consistent underestimation strength Republic support throughout Java, Madura, Sumatra and much of East Indonesia, and unshakeable determination to regard non-Republic Indonesian movements as something comparable. We stated frankly we believed Netherlands living in dream if it believed elements constituting Republic would not completely dominate an independent Indonesia or conceived that such men as Abdul Kadir or Djajadinin-grat<sup>3</sup> could be considered remotely on par with Sukarno as Indonesian political leader.

We believed if Netherlands really foresaw transfer sovereignty to Indonesia, fairness demanded they immediately inform non-Republican Indonesians, who staking their lives on continued Netherlands protection, to make peace with Republic, that Netherlands confronted with exactly same situation as Britain in India and Burma. Riphagen stoutly denied this.

We offered impromptu suggestion, which we stated we hoped Netherlands Delegation would consider, of forming Provisional Federal Government on basis election delegates from regencies and equivalent districts throughout Indonesia, with government itself to be

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<sup>3</sup> *Recomba* of West Java.

elected by such delegates. We believed present most difficult problems might well disappear if such plan adopted. Riphagen objected preparations such elections would require much time and that elections would give Republic disproportionate strength Provisional Federal Government since Republic would win all elections its own areas in absence opportunity opposition express itself while winning additional seats from Netherlands army [*areas?*] during which elections would be free. We said we thought elections could be organized 8 weeks and we by no means sure Republic sentiment would be free express itself in Netherlands areas. (This connection, attack on Netherlands troops by 1,000 Indonesians armed with bamboo staves, almost certainly not TNI, south of Cheribon, in which 300 Indonesians killed, was reported May 7. If Indonesians driven to such hopeless attack, rumors of Dutch actions against dissidents probably not baseless.) Moreover, we believed strength Republic supporters in Provisional Federal Government not of major consequence since Republican parties united only in independence aim and will cease act as solid block as independence becomes certainty. Any event present Republican government, in which any change will be to left, probably best government likely arise Indonesia.

We repeatedly stressed that if Netherlands proposals for political agreement were fair and reasonable in all particulars, Republic would have no choice but accept in final showdown (and we considered Netherlands position on TNI not fair or reasonable). Like all other neutral observers, we convinced Republic only force in Indonesia of real consequence apart Netherlands army. If Netherlands unable win Republic to agreement, settlement by force appeared inevitable, and while we did not doubt ability Netherlands army take Djocja and all main roads in 10 days, we believed it foregone conclusion outcome would be duplication Indonesia present situation Indochina and drastic reduction Indonesian export potential.

Following 3-day tour Republic areas with Sukarno and Hatta, Dubois considers strength Republic lies in following:

- (1) Nearly universal passion for national liberty, especially grip of idea liberty on imagination youth.
- (2) Disinterestedness, devotion, sincerity romanticism, oratorical powers and winning personality Sukarno, plus effect his martyr background, 7 years as political prisoner.
- (3) Practicality and political finesse Hatta.
- (4) Discipline, loyalty, martial spirit and *esprit de corps* TNI.
- (5) Fraternal relationship TNI and people and pride of latter in TNI.
- (6) Fanatical spirit evacuees, civilian, military, from Netherlands occupied areas.

- (7) Fact Republic working for freedom all Indonesia and represents spearhead independence drive to Indonesian nationalists all areas.
- (8) Binding force common privations under blockade.
- (9) Pride peoples Republic areas their accomplishments to date under all handicaps.
- (10) Hate-engendering tactics Dutch.

Dubois believes Dutch making serious mistake discounting these factors, and further believes this crucial time for them make every reasonable concession particularly along lines effective lifting trade restrictions and releasing political prisoners in order restore Republic's waning confidence their good faith.

Sent Department 385; Department pass Hague.<sup>4</sup>

LIVENGOOD

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<sup>4</sup> This was done the same day.

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501.BC Indonesia/5-1148: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, May 11, 1948—1 p. m.

387. Gocus 262. Republican Delegation departed this morning for 3 days Jogja and perhaps crucial discussions Republican Government.

Yesterday afternoon saw Roem, Pringgo Digdo and Latuharhary and made unequivocal presentation contents Usgoc 97, May 7. Full notes from which Dubois spoke, typed carelessly on yellow paper and without heading or subscription, given to Roem at end talk to ensure receipt accurate information by heads of Republican Government. We consider this sufficiently direct approach Hatta since trip by US Delegation Jogja this juncture would cause Republic much embarrassment and arouse great resentment Australian Delegation.

Roem appeared puzzled by basis our approach, namely that Republic delaying negotiations, and cited Republic's May 7 letter to GOC complaining of press charge by Vredenburg to same effect. Letter notes Republic submitted list subjects for discussion January 22, that rules procedure not established until February 20, that Republic submitted list members main committees February 19 while similar list from Netherlands not submitted until March 10 and that Republic working paper on union was submitted March 22 and Netherlands paper not until April 20. Roem further contended Republic proceeding rapidly as possible in current talks view magnitude decisions to be made. He said that while Netherlands insisted union not a state, they proposed it have semi-legislative function in form ministerial council,



treaty-making power, and judicial power in union court to which individuals and corporations could appeal as well as member states. In Republican view [these] were attributes of state.

In course talk we stated we wished express overall US Delegation view of dispute. We stressed fair settlement could and must be achieved here through assistance GOC. By fair settlement, we meant settlement in accord legitimate interests both parties, which in our view were not irreconcilable. We considered Republic had right expect earliest creation sovereign Indonesia in which elements constituting Republic would have full opportunity play due part, that Netherlands had right expect sovereignty to be transferred only to organized, functioning experienced federal government with provision for all groups express themselves democratically. We emphasized SC had given GOC task assisting this settlement and that reference to SC of points at issue, leading contentious debates, could not serve constructive purpose and would probably redound disadvantage Republic. We frankly doing our best prevent such action. We believed West Java and Madura reports would accomplish no useful purpose. In these and other reports we would endeavor exclude all expressions controversial opinion and confine statement to matters fact. If GOC finally failed, it would then be necessary report failure and full circumstances to SC, with what result we unable foresee, but until then we believed negotiation should be conducted here in accordance intention SC itself. Furthermore, we did not believe GOC would fail.

I respectfully suggest practice providing Netherlands full text my instructions before I have had chance study or even receive them likely weaken position US Delegation to disadvantage conduct negotiations here.

Sent Department 387; Department pass The Hague.<sup>1</sup>

LIVENGOOD

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<sup>1</sup> This was done the same day.

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501.BC Indonesia/5-1248: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, May 12, 1948—4 p. m.

394. Gocus 267. As a result reference to GOC of political subcommittee's report of deadlocked discussions plebiscites (Gocus 264<sup>1</sup>), GOC met May 11 consider USDel and AusDel suggestions for alternative method delineation states (Gocus 249 and 252<sup>2</sup>). In course

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<sup>1</sup> Telegram 389, May 11, not printed.

<sup>2</sup> Telegrams 355, April 29, not printed, and 358, April 30, p. 160.

discussion, AusDel came unexpectedly long way toward USDel position and finally proposed following procedure:

1. Political agreement to provide for Netherlands-Republican Technical Committee to delineate States Java, Madura, Sumatra, stipulating constitutional convention not to be convened until agreement reached on delineation.

2. Subject agreement parties this procedure, Technical Committee to begin deliberations soonest without awaiting political agreement.

3. Delegates to constitutional convention to be elected by regencies or equivalent districts.

4. Constitutional convention to have final authority delineation states. However, not [*no*] boundary delineated by Technical Committee to be changed unless majority delegates from area of state or states involved vote in favor change and unless majority delegates constitutional convention as whole also votes for change. (Such provision would be incorporated in rules procedure for constitutional convention to form part political agreement.)

Following meeting, we discussed above procedure with Riphagen, who appeared not opposed. He found it difficult understand why Critchley agreed such procedure while opposing our original suggestion. We reported Critchley said Republicans would have overriding psychological objection provision our plan under which split up of Republicans would have been presaged in political agreement but that we unable resist feeling Critchley motivated in part by desire have final plan come from AusDel. We noted present plan in one respect more advantageous Netherlands point view than ours, since under USDel plan disagreement in Technical Committee would have postponed political agreement, whereas under present plan such disagreement would postpone constitutional convention, extending interim period. Our suggestion that majority delegates from any state or states must concur in any change boundaries such states had moreover been accepted by Critchley without demur. We considered plan as tentatively agreed within GOC could be accepted by parties. Would probably be soon suggested by GOC on strictly informal basis.

Riphagen again raised question whether freedom elections Republican areas could be assured. We again stated this risk must be taken in connection any plan formation USI and thought Republicans with respect elections its territory to constitutional convention or to provisional federal government, as tentatively suggested by US, would be much less concerned by prospect anti-Republican showing at polls than by possibility political discord arising from conflict between Masjoemi and Nationalist Party on one side and leftwing Front Demokrasi Rakjat on other.

Sent Department as 394; Department pass The Hague.<sup>3</sup>

LIVENGOOD

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<sup>3</sup> This was done the same day.

501.BC Indonesia/5-1348 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, May 13, 1948—9 a. m.

396. Gocus 268. USDel dined palace May 11 with Van Mook, Vredenburg, Hoogstraten, Neher, Schuurman,<sup>1</sup> Abdul Kadir, Husseins, Djajadiningrat (head Komite Indonesia Serikat and third Indonesia).

In long after dinner conversation all Dutch spoke in turn, stressing repeatedly points set forth Usgoc 97, May 7. Van Mook referred feelingly for contract and illicit Republican trade with Singapore and, deprecating Republican capabilities, emphasized his sole aim is sound practicable workable USI Government. Vredenburg claimed Republican attitude markedly hardened past three weeks and believed Republicans now formulating final position with result that issues would be clearly drawn by end current three weeks sessions Batavia. When this point reached he believed GOC should devote fortnight to consideration positions parties without meetings delegations. Admitting Netherlands delegation prepared give up some points now being maintained for bargaining purposes, he suggested possibility final Netherlands position could be presented GOC by BelDel but stressed USDel would have to carry on from there. He reverted repeatedly to fact any settlement would be work of US and privately urged early meetings with USDel outline course future action. He further indicated he would ask Roem next Steering Committee meeting answer yes or no whether Republicans recognize Netherlands sovereignty. On this point he unwilling negotiate though willing work out face-saving arrangements re foreign relations. He also referred his special desire early satisfactory termination negotiations view acceptance The Hague his resignation Foreign Service to take effect August 1 with possibility extension to January 1.

Neher spoke lengthily and emotionally of (1) strong Russian Communist influence in Republic, (2) reliance Republicans on third world war, (3) unacceptability Sukarno as president USI and desirability his retirement from political life and (4) determination Netherlands not leave Indonesia except to independent democratically selected federal government even at cost impoverishment home country. Implication his remarks unless settlement reached on Netherlands terms, military action inevitable irrespective probable cost and Netherlands losses.

Hoogstraten classified Republicans as comprising (1) irreconcilables who must be shot or imprisoned; (2) moderate, reasonable men;

<sup>1</sup> Minister T. Elink Schuurman, head of the Batavia office of the Netherlands Foreign Office and member of the Netherlands delegation to GOC.



(3) large group now convinced Netherlands can be swayed by stiff Republican stand and (4) Hatta, who subject pressure by all groups, especially third. Stated USDel must make clear to Republicans error of their group since Netherlands will not retreat from its position any issue. Privately, Hoogstraten observed first task interim period would be restoration order by Netherlands troops under federal government orders.

Three Indonesian guests almost completely ignored by Dutch. However, in private conversation Abdul Kadir dwelt on desirability early establishment USI, emphasizing importance current Bandoeng conference. He said he regarded Sukarno as far removed from practical government and surrounded by individuals unable say no. This he had told Sukarno in recent visit. He also indicated NethDel looked favorably on USDel plan for delineations states (Gocus 249<sup>2</sup>).

Schuurman who just returned from Holland spoke feelingly of increased difficulties in arriving at solution owing SC intervention through GOC.

USDel gained distinct impression purpose dinner was counteract any favorable impression members USDel may have gained from trip with Sukarno and to ascertain whether and how Dubois had acted on Usgoc 93, 96 and 97.<sup>3</sup> Also that Neher, who heretofore considered by USDel as most moderate and conciliatory Netherlands representatives, had been for that reason selected to take most uncompromising stand. USDel preserved responsive but non-committal attitude, Dubois pointing out to Vredenburg that GOC had other members than US who could not be omitted consideration.

Sent Department 396; Department pass The Hague.<sup>4</sup>

LIVENGOOD

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<sup>2</sup> Telegram 355, April 29, not printed.

<sup>3</sup> Telegrams 178, April 30, p. 161; 187, May 7, p. 162; and 188, May 7, p. 163.

<sup>4</sup> This was done the same day.

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501.BC Indonesia/5-1148: Telegram

*The Secretary of State to the Consulate General at Batavia*

SECRET      US URGENT  
NIACT

WASHINGTON, May 14, 1948—7 p. m.

203. Usgoc 100. Re Gocus 261, May 10 and 262, May 11, Dept has predicated its current policy on supposition that in general Neth has satisfactorily complied with *Renville* agreements and indeed has shown itself more eager than Repub to bring negotiations to successful conclusion within framework *Renville* agreements (Gocus 229,

Apr 16). Dept's predicates this respect also based on USDel's tels prior to Gocus 261 and 262 which has led Dept to believe that Repub employed various dilatory tactics during course of negotiations, at least since last March.

Prior receipt Gocus 261 and 262, Dept had not been aware that Dutch were delaying negotiations or that Repub had communicated protests to GOC during past 2 months without results or acknowledgments from GOC. Dept considered latter allegation by Tjoa as reflection on GOC's integrity and assumed GOC itself would as matter of course find means to answer such a charge. With respect Tjoa's other allegations, Dept is, of course, familiar, on basis urtels, with conditions which gave rise to them.

Dept prepared to continue to press Dutch to come forward with plan along lines that proposed Gocus 229 unless, on basis further reports from you, there is evidence Dept should amend its policy. In light of views expressed in Gocus 261 and 262, Dept will hold in abeyance further overtures to Dutch here until Dept has had opportunity consider additional reports from you. As you are aware, Dept hopes that Dutch position all across board will be made unassailable both in substance and appearance so that US can effectively influence Repub to reach political settlement. This connection, Dept would appreciate hearing from you as to whether (a) you consider trade restrictions should be modified with consequence that Dept revise its position in respect of Fox, Isbrandtsen and other commercial transactions between Repub and US nationals (Deptels 161, Apr 21 & 184, May 5<sup>1</sup>), (b) you believe Dept should revise its position in respect of loan (Deptel 188, May 7), (c) you believe Dept should attempt revise its position in respect of forthcoming discussions SC (Deptel 187, May 7), (d) you consider other points raised Gocus 261 and 262 should lead to modification Dept's policy as previously expressed to you. In making specific suggestions, it would be helpful if you give Dept your analysis of likelihood unanimous GOC support such proposals and unanimous GOC effort secure parties' acceptance.

With respect to Neth position that TNI be totally disbanded, Dept continues support DuBois' proposal, Gocus 108 [180], March 15 for *pari passu* reduction Neth and Repub forces partly through demobilization and partly through absorption in defense forces of interim govt during transition period and thereafter of USI. Dept at present uninformed status that suggestion.

Dept convinced that Neth neither inclined nor able to undertake "settlement by force". Furthermore Dept has been assured on several

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<sup>1</sup> Latter not printed.

occasions by Netherlands Ambassador that Dutch would not undertake further "police action" unless requested by UN or Repub govt.

As you are aware, Dept's basic policy is to lend its fullest support to prompt implementation *Renville* agreements by both parties. It is for this reason that Dept informally discussed a plan with Neth reps here almost identical to that proposed Gocus 229 even before such a plan had been recommended by USDel (Deptel 163, Apr. 22). One consequence of Dept's approach to Dutch was request from Dutch that we coordinate in detail our efforts with them in attempting persuade Repub authorities to agree to reasonable settlement entirely within framework *Renville* agreement. Dept, as recent indication its willingness on occasion to coordinate its approach with Dutch, provided Neth Emb reps with paraphrase Deptel 97, May 7 to you. Dept, of course, has not and does not intend to make practice of providing Neth reps with Dept's instructions to USDel.

Sent Batavia as 203; rptd The Hague as 191.

MARSHALL

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501.BC Indonesia/5-1748

*Memorandum of Conversation, by the Acting Assistant Chief of the Division of Southeast Asian Affairs (Lacy)*

SECRET

[WASHINGTON,] May 17, 1948.

Mr. Helb called to say that he had received a telegram from Mr. van Vredenburg at Batavia in which he said that he believed that the period beginning June 1 would prove to be a critical one in the Netherlands-Indonesian Republic negotiations before the Security Council's Good Offices Committee, and that by the end of June or early July the areas of agreement and disagreement between the two parties will be clearly delineated. He said that the attitude of the Republic during the past week had become increasingly intransigent and that the Republic was now asking for more than even they in reason expected to receive. He cited as an example a working paper on the interim government offered by the Indonesian delegation the substance of which was so absurd that upon the suggestion of the Netherlands delegation the Republican delegation withdrew it from the Good Offices Committee's consideration and committed its status to that of an oral note. Van Vredenburg said that he believed the present tactics of the Republic were designed to create the impression that no agreement existed between the two parties upon any vital issues in order that they could press in the Security Council for the expansion of the powers of the Good Offices Committee to that of an arbitration committee; that he believed the Australians were supporting the Republic in this position.



Van Vredenburg said that he believed that, leaving aside the Republic's present tactics, there is yet considerable chance of agreement between the Netherlands and the Indonesian Republic on all vital issues. He believes that the prospect of this agreement will be destroyed by the effective transfer of discussions from Batavia to the Security Council at Lake Success, and that since there is some prospect of reaching an agreement after the first of June, he believes that discussion of the Indonesian case in the Security Council must be avoided if possible, and in any case minimized.

Vredenburg wished the Netherlands Embassy, therefore, to suggest to the Department that it would be desirable for the Department to: (a) urge the Security Council to delay discussion scheduled for May 18 of the West Java and Madura reports<sup>1</sup> which have been received from the GOC until the Security Council has received the Good Offices Committee's progress report<sup>2</sup> which will be in its hands by the end of May or the early part of June; and to urge the Security Council to minimize discussion of the progress report until the main areas of agreement and disagreement have been delineated at Batavia during June, and (b) continue to press the Republic to avoid general discussion of the Indonesian problem in the Security Council, and to support the efforts of the Good Offices Committee and also to comply strictly with the *Renville* Agreements. In this latter connection, Vredenburg said that he felt that DuBois in making representations to the Republic which the Department had instructed him to make in Deptel, Usgoc 97, May 7, had exhibited a certain lack of enthusiasm for the assignment. I asked Helb if he had any idea as to why DuBois was unenthusiastic. Helb replied that he did not know but that he suspected that DuBois was tired of acting as advocate for the Dutch in the absence of an able Belgian delegation and that with this frame of mind he found it particularly difficult to represent the American position to the Republic when that position was unfavorable to the Republic.

I said that I thought we would find it exceedingly difficult to suggest that the Security Council avoid discussing reports which it had requested from the Good Offices Committee at Batavia, but that the Department certainly agreed that, in general, the discussion of the Indonesian case in the Security Council should be avoided, and, in particular, that discussion of the West Java and Madura reports should await the Security Council's receipt of the progress report of the GOC.

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<sup>1</sup> Report on West Java, adopted on April 21 by the GOC, was submitted on April 23 to the Security Council; SC, *3rd yr., Suppl.* (June), p. 11. Report on Madura was submitted on May 18; *ibid.*, p. 25.

<sup>2</sup> Document S/787, submitted on May 19, contained the 2nd interim report; *ibid.*, p. 41.

Mr. Helb said that Mr. Vredenburg had been requested by Mr. DuBois to instruct the Netherlands Embassy Washington, to inform the Department that he was in full agreement with recommendations (a) and (b) in the foregoing.

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501.BC Indonesia/5-1848 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, May 18, 1948—11 a. m.

405. Gocus Number 272. Dubois and Herremans called palace May 16 at request Vredenburg who read the text telegram he sending Hague, Washington and New York. [For summary of message, see first two paragraphs of memorandum printed *supra*.]

Vredenburg said he had information Roem's influence with Sukarno and Hatta weakened and that Djuanda, head Republic delegation economic finance committee, could henceforth be considered Hatta's representative. Furthermore that Sukarno and Hatta had told delegates last week's meeting Jogja they would resign if negotiations broke down and no agreement reached.

Following day Vredenburg suggested we advise Department that US take initiative SC with statement US representative GOC considers negotiations proceeding satisfactorily here and would only be impaired by airing of issues SC. We agreed pass on suggestion, noting expression such views by US in SC should occasion no surprise on part either Republic or Australian delegation to whom we have several times stated plainly we considered negotiations should be conducted here, that debates SC would be fruitless and lead destructive discord and that we should strongly oppose reference any issues to SC unless and until GOC reached final failure. Vredenburg stated he has telegraphed Netherlands representative to take initiative and urge Indonesian question be treated with extreme delicacy in view current critical phase and that resolutions and calls for additional reports might be taken as criticism of one party and jeopardize progress. He suggested US representative cooperate with Netherlands representative. We agreed we hoped SC would request no more special reports, which enormously time-consuming.

Critchley privately admits frankly he believes only moral pressure by SC on Netherlands can produce negotiated settlement here. In connection request by parties for informal suggestion regarding delineation states (Gocus 267<sup>1</sup>), Critchley took view GOC could not technically agree within itself on any suggestion unless suggestion

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<sup>1</sup>Telegram 394, May 12, p. 169.

documented and subject citation SC by any member GOC. We refused make suggestion this form, which tantamount formal suggestion, and held to view GOC could quite readily make any suggestion to parties without record. Critchley stated this wholly unsatisfactory his point view since in event final breakdown he did not wish GOC appear to have done nothing. In order get situation straight once for all, we called for special meeting with parties May 17. Vredenburg, who immediately requested that meeting be made formal, made very plain that while Netherlands delegation would welcome informal suggestions it would not receive formal suggestions which it had not requisitioned and which were designed put pressure on one party. He stated informal suggestions if found acceptable by parties could then be made matter record. In immediately following GOC meeting, we stated that for GOC do what one party had specifically requested it not to do would be completely at variance spirit Good Offices and left it Critchley decide whether he wished limit usefulness GOC by refusing participate informal off-record suggestions. He finally agreed offer GOC proposal for delineation states this basis, reserving right to include in future reports SC that GOC had made informal suggestions without identifying them, to which we agreed.

After meeting, Critchley observed he considered current interim progress report of little importance (with which we agree) and that it would be necessary submit further report in 2 weeks when crisis would be reached. He obviously in worried state mind believing final deadlock near, with disposition TNI most critical issue, and with SC alone having power prevent steamrolling of Republic by Netherlands.

USDel will reply soonest Usgoc 100.<sup>2</sup> Sent Department 405; Department pass Hague.<sup>3</sup>

LIVENGOOD

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<sup>2</sup> Telegram 203, May 14, p. 172.

<sup>3</sup> This was done the same day.

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501.BC Indonesia/5-1848 : Telegram

*The Secretary of State to the United States Representative at the United Nations (Austin)*

RESTRICTED

WASHINGTON, May 18, 1948—2 p. m.

314. Following for your guidance in event Indonesian question comes before SC for discussion prior to receipt of Madura report and interim progress report from GOC.

Dept has been informed by Neth Emb rep that Belgian SC rep will suggest that SC defer discussion of Ind nesia until above 2 reports



have been received and there has been opportunity for SC members to study them.

Dept believes that in light of fact that SC Pres stated at the 288th meeting (April 29th) that he would request GOC to submit progress report promptly and in light of fact that SC now has urgent matter of Palestine before it for action, there is no compelling reason undertake discussion Indo question at this time. (See also this connection Deptels 186 and 187, May 6 and 7, to Batavia.<sup>1</sup>) Dept therefore suggests that you express view favoring postponement.

For your information, Neth reps have approached UK and Canadian SC reps asking them to favor postponement.

MARSHALL

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<sup>1</sup> Telegram 186, May 6, not printed.

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501.BC Indonesia/5-2148: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, May 21, 1948—1 p. m.

418. Gocus 275. Regarding Usgoc 100.<sup>1</sup> USDel believes Department should not revise its position (which USDel has supported strongly in conversations RepubDel) respect commercial transactions between Republic and US nationals, loan, or forthcoming discussions mentioned Usgoc 96.<sup>2</sup>

Other points raised Usgoc 100 relate fundamental intentions Netherlands and Republic and over-all prospects settlement. Before expressing our views, we had hoped review whole problem political agreement with Vredenburg and Riphagen. Latter stated, however, that while he considered such review imperative, they would prefer delay few days until talks with RepubDel had outlined issues more clearly. Following estimate situation, which represents consensus extended meeting USDel with Abbey and Davies<sup>3</sup> held yesterday, therefore provisional.

Little question that NethDel, following 2 months delay after *Renville* Agreement, has for past 2 months been pressing for conclusion negotiations within framework *Renville* Agreement and that Republic, confronted by certain Netherlands demands, has been holding back in hope of rescue by SC or GOC with enlarged powers. Issues which chiefly threaten success current negotiations as follows:

- (1) Strength Republic in Provisional Federal Government.
- (2) Provisions for internal security and defense interim period.

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<sup>1</sup> Telegram 203, May 14, p. 172.

<sup>2</sup> Telegram 187, May 7, p. 162.

<sup>3</sup> Donald M. Davies, Vice Consul at Batavia.

- (3) Status Republic's foreign relations interim period.  
(4) Union statute, particularly provision granting union court right to adjudicate in appeals by individuals and corporations.

Above issues represent crystallization broad divergencies.

Dutch appear envisage as key to interim period the disbandment of TNI as such. Vredenburg indicates demobilization would apply armed forces both parties, but USDel impression is that Republican forces would be reduced drastically to status security battalions and that Netherlands would retain preponderant military power. Netherlands army and any Republican forces marked for incorporation federal army would be under authority interim government in which Republic presumably would hold about one-third of places. (Vredenburg said yesterday he had presented Republic "oral note" on organization Provisional Federal Government about which he evidently in no hurry inform GOC or USDel.) Other two-thirds would be held by men whom Netherlands would have every reason regard as "dependable" since anti-Republic leaders must depend on Dutch rather than on support popular movements, certainly it impossible imagine Netherlands placing Dutch armed forces under jurisdiction any government which would not act as agent its authority. While Netherlands position not incorrect under *Renville* Agreement, it by no means only correct position, and Republic likely never agree surrender all authority in areas it controls to governments so constituted. In interim period as envisaged by Netherlands, Republic would be powerless. Insistence by Netherlands that Republic's foreign relations be completely terminated, greatly increases Republic's alarm since in its view this would leave it isolated and voiceless.

USDel considers key to implementation *Renville* principles interim period lies in second of additional principles stipulating all states will be offered fair representation any Provisional Federal Government. Principle cannot be applied literally since until states formed Java, Madura, Sumatra, in accordance popular will, it impossible say what areas Republic properly includes or hence how great its representation should be in Provisional Federal Government if such representation to be fair.

On basis this principle, there some grounds for current Republican view that Provisional Federal Government cannot be organized until states formed. However, we consider intent of principle is provide fair representation all parts Indonesia as means insuring that Provisional Federal Government will be fairly representative Indonesian peoples. This poses issue which has been at heart Dutch-Republican dispute from start, namely, who are real representatives Indonesia. We have expressed view Riphagen that answer this question cannot be much longer delayed.

Republic has never budged from position it alone qualified speak for all Indonesia. Dutch, in USDel view, have from start never deviated from objective of transferring sovereignty to an Indonesian Government in which Republican representatives will be in minority and major role will be played by Indonesians amenable Netherlands and opposed Republic. Were anti-Republican groups actually more representative Indonesian peoples than Republic, Dutch intentions might well be carried to successful conclusion in formation dominantly non-Republican USI. However, evidence available USDel indicates Republic enjoys confidence Indonesian peoples to far greater extent than any other group, that hence in ability govern Indonesia and carry out commitments made in name Indonesia, elements constituting Republic are most representative and most qualified speak for Indonesia. If Dutch succeed carrying out their intentions, even if entirely within framework *Renville* Agreement, resultant Provisional Federal Government of USI will be unnatural organization which only Dutch arms, if anything, can maintain.

Because we consider conflict of Netherlands and Republican claims must be settled before foundations USI can be laid on representative, stable basis, we asked Riphagen consider possibility constructing Provisional Federal Government on basis nation-wide elections (Gocus 261<sup>4</sup> paragraph 7). Later we asked Vredenburg if he considered possible hold such election within 3 months with view establishing representative Provisional Federal Government which would also become constituent assembly. Vredenburg dismissed suggestion as out of question, stating no election possible until freedom from coercion could be assured. He indicated all groups throughout Indonesia resorting violence or intimidation electorate must be eliminated and that task establishing requisite order interim period would pertain pre-federal army (meaning chiefly Dutch troops) in concert with state security battalions. Apparently any disorders, uprisings or incidents would be dealt with by predominantly Dutch forces, which would also put down any TNI units resisting demobilization. Vredenburg intimated Netherlands forces had done fairly well reestablishing security Netherlands held areas and should have no great difficulty extending security Republican areas. We convinced such actions by Dutch would incite 10 outbreaks for every disturbance quelled and that present situation would seem paragon of orderliness in comparison with results to be expected from such methods. Colonel Mayer<sup>5</sup> agrees our estimate and our view that had Britain attempted pacification Burma up to Dutch standards prior transfer sovereignty, it would

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<sup>4</sup> Telegram 385, May 10, p. 164.

<sup>5</sup> Col. William Mayer, U.S.A., chairman of the UN SC Military examining committee in the Indies.



have become embroiled increasing difficulties and transfer sovereignty have been indefinitely delayed.

USDel increasingly inclined believe that if deadlock on interim arrangements develops, which seems likely, only constructive means resolving impasse and creating firm basis USI will be through agreement parties to formation Provisional Federal Government by election. We visualize some such procedure as following :

(1) Upon conclusions political agreement, Republic to enter March 9 government with three or four places. Republic to remain responsible for security areas under its control, TNI continuing in existence. Joint Netherlands-Republican staff to be formed and progressive joint demobilization to begin. Political and economic barriers between Republic and other Indonesian areas to be gradually removed. Provisions in political agreement respecting common currency and control foreign exchange to be carried out. Republic foreign relations to be frozen.

(2) Parties to agree on rational delineation states in accordance GOC suggestion (Gocus 267<sup>6</sup>).

(3) Three months after political agreement or as soon thereafter as agreement reached on delineation states, elections to be held throughout Indonesia for delegates to Provisional Federal Government with regencies or equivalent areas as electoral districts without regard present state boundaries.

(4) Provisional Federal Government to be formed and organized accordance results elections. Netherlands to transfer to Provisional Federal Government powers self-government and Republic to transfer control TNI, control foreign relations and other federal functions.

(5) Provisional state governments to be formed, probably through elections of officials by delegates to Provisional Federal Government from regencies included in states.

(6) Constitution and union statute to be drafted. Former to be submitted states.

(7) Perhaps 6 months after formation Provisional Federal Government, Netherlands to transfer sovereignty to USI.

Above represents compromise between positions Netherlands and Republic, which wishes stand outside federation until sovereignty transferred. We believe if Netherlands accepted this compromise its position in SC would be secure and Republic would be forced agree and further that Republic would have to accept verdict elections if considered reasonably fair by GOC even if outcome unfavorable, and further that Republic would be forced and would be able cooperate fully in Provisional Federal Government under such circumstances since it would have unanswerable argument to present public opinion its areas. However, we believe fair elections would return majority pro-Republican delegates to Provisional Federal Government. We well aware enormous difficulties, in fact impossibility, assuring completely

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<sup>6</sup> Telegram 394, May 12, p. 169.

free elections, but consider violence, intimidation, and irregularities, could be reduced minimum by employment secret ballot technique used recent Madura elections (in which three-fourths delegates elected appear be Republican), organization teams poll-watchers, and unannounced spot-checks by flying team sailors. Opportunity electioneer prior elections would have to be granted all candidates but be limited and controlled. Much would depend display cooperative attitude by parties, which we believe not too much expect. Granting all obstacles smooth election, we still believe resultant government would be more representative than any constructed any other basis and that efforts parties should now be devoted working out method satisfactory conduct such election, which contains key to resolution fundamental dispute, rather than wrangling over other arrangements interim period none of which, in last analysis, likely work and about which Dutch fear discussion SC.

Little question all delegates from Republican areas would be pro-Republican, giving Republic at least two-fifths all delegates, since this is proportion total Indonesian population living Republican areas. However, under Linggadjati, Republic would have included four-fifths total Indonesian population. Moreover, anti-Republican candidates would have better than equal advantage in contesting remaining three-fifths seats. Any event, we believe elected Provisional Federal Government, confronted task actually governing Indonesia, would not divide into Republican and anti-Republican camps but that alignment will generally be Right-Wing Masjumi and Partai Nasional<sup>7</sup> versus Left-Wing coalition.

As we have repeatedly stressed, we believe Netherlands will serve its best interests by conciliating not bucking Republic, that Netherlands is fortunate having nothing worse deal with than present Republican Government. We further consider future Dutch economic position will depend finally upon attitude Indonesians and that Dutch will make great mistake if they endeavor secure such position by attempting confine Indonesian nationalist spirit and attempting gain guarantees in political agreement which Indonesian nationalists will accept only under greatest pressure. Consequently we consider Netherlands should drop provision giving individuals and corporations right appeal union court and empowering union court settle disputes between member states USI, possibly in favor economic-financial agreement along lines US-Philippine agreement. (Critchley states he would go far attempt obtain secure economic position for Netherlands.) We also believe that as gesture to reassure Republic, Dutch should not attempt terminate Republic's foreign relations prior formation elected

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<sup>7</sup> Indonesian nationalist party (PNI).

Provisional Federal Government since Republic lays greatest stress these relations, which of minor import to Netherlands, but that such relations should be frozen.

It possible Dutch at Bandoeng conference are pressing formation USI in order that either (1) Republic will be forced enter strictly on Netherlands terms or (2) if Republic stays out, resultant conflict can be presented world as civil Indonesian conflict (see ConGen telegram 410, May 19<sup>8</sup>). This is precisely what French endeavored accomplish Indo-China after deciding unsettled conditions made referendum impossible. USDel takes Bandoeng conference particularly seriously view Vredenburg and Riphagen making 3-day trip there end week and view statement May 20 Aneta by NEI government information spokesman, who said, referring date on which USI to be formed, "fortunately it no longer discussions with Republic on which fulfillment agreements about this date depend".

Assurance by Dutch they would not undertake further police action unless requested by UN or Republic is scarcely relevant actual situation. Final breakdown negotiations would be followed automatically by crumbling truce and resumption hostilities, regardless Dutch intention. Furthermore, should Republic reject final Dutch demands, Dutch troops here would act not as agency Netherlands but as agency USI or pre-USI government. Finally, Department's belief Netherlands neither inclined nor able undertake settlement by force does not conform view local Dutch military as reported by Colonel Mayer.

USDel increasingly concerned by atmosphere developing here and by indications Netherlands contemplating presenting SC with *fait accompli* respect formation USI.

We believe resources Republican government have been strained to utmost to maintain truce on Van Mook Line which is only successful truce in history Dutch-Republican dispute. If Republic put in position where it must accept political settlement so disadvantageous it could not live up to terms or maintain control its supporters, or reject terms and take consequences, we fear results will be extremely unfortunate respect both Netherlands and US long-run interests Indonesia.

Department's views earnestly solicited.

Subject Department's concurrence and outcome forthcoming discussions USDel with Vredenburg, USDel would endeavor gain GOC acceptance suggested plan.

Sent Department 418; Department pass The Hague.<sup>9</sup>

LIVENGOOD

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<sup>8</sup> Not printed.

<sup>9</sup> This was done the same day.



501.BC Indonesia/5-2148 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, May 21, 1948—6 p. m.

421. Gocus 277. By letter May 20 Republican Delegation informed GOC that at 1:30 that morning house of Ali Budiardjo (member Republican Delegation Political Committee and Republican representative Drafting Committee West Java and Madura reports) was searched by Dutch military and police forces "to trace elements conducting subversive activities" and that these forces also arrested Taufik Salim (son Hadji Salim and member secretariat staff Republican Delegation) same night on charge conducting subversive activities and confiscated 4 typewriters and 1 multigraphing machine in his house. Letter asks GOC request Dutch refrain such actions and release Salim.

At Steering Committee meeting today Roem stated he had yesterday informed Abdul Kadir of Salim's arrest, that no formal charges preferred and that Salim forbidden wear shoes by his jailers. Owing unpreparedness Netherlands Delegation discuss matter, it was referred to special Steering Committee meeting called for tomorrow.

Political meeting followed immediately today's Steering Committee meeting. Vredenburg recalled assurance given by Roem Steering Committee meeting April 19 (Gocus 238<sup>1</sup>) that Republic would not expand foreign relations and stated Netherlands Delegation had hoped since January 17 Republican representatives would be inconspicuously and tactfully recalled. He stated hopes evidently groundless and assurance valueless in view (1) recent recognition of Republic in some form by Yemen, (2) Sjahrir press statement that Republic opening office Penang, Malay Federation, (3) elevation Palar to status plenipotentiary representative, (4) document which had "come into Netherlands hands" stating Republic sending plenipotentiary to USSR to achieve closer relationship and (5) Republican rejection Netherlands invitation to assign representative to delegation Kingdom Netherlands to ECAFE Conference India and statement Republic would not participate conference except through own delegation as associate member. Vredenburg repeated invitation for Republican Delegate to be one of Indonesian Delegates all Indonesia as member Netherlands Delegation ECAFE, then requested Roem use his intermediary with his Government to ascertain whether Republic would adapt itself to sovereignty Netherlands over all Indonesia in accordance 1st of 6 additional principles.

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<sup>1</sup> April 21, not printed.

Owing unpreparedness Republican Delegation discuss foreign relations, matter referred to next meeting Political Committee. Sent Department 421; Department pass Hague.<sup>2</sup>

LIVENGOOD

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<sup>2</sup> This was done the same day.

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501.BC Indonesia/5-2548 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, May 25, 1948—6 p. m.

435. Gocus 281. GOC May 23 sent letter to parties stating that in order keep abreast developments Java, Madura, Sumatra affecting its work, it would appreciate early opportunity obtain information on Federal Conference Bandoeng through discussions with parties. Letter set forth topics special interest chiefly concerning (1) reasons for convening Bandoeng Conference, (2) whether delegates have representative capacity and, if so, whom or what they represent, (3) power SC one [*sic*] to make decisions or recommendations with regard matters which are subjects negotiations with Republic.

Letter is second result growing USDel conviction GOC must assume more positive role if political agreement to be reached. First result was GOC press release on police action against Budiardjo and Salim (Gocus 280<sup>1</sup>) which is first GOC release to which one party specifically objected (Netherlands objected 4th paragraph). USDel suspects NEI authorities this case attempted see how far they could go.

USDel believes that by more assertive role GOC may be able (1) forestall any intention on part Netherlands to ease dispute out from under GOC via Bandoeng Conference and give it aspect internal Indonesian conflict, (2) obtain moderation extreme Netherlands demands and (3) restore expiring Republican confidence GOC with result it may be less inclined refer every issue SC and be able exert more control over elements lacking faith negotiations and prone direct action.

As next step, USDel intends press for full hearings with parties as to why, 4 months after truce, trade still at complete standstill and no procedure evolved permitting legitimate Republican shipping go unmolested. Subject Department concurrence, USDel will proceed attempt get GOC backing [apparent garble] interim period outline Gocus 275.<sup>2</sup> At same time we shall seek full hearings on reasons why Republican cannot stop infiltrations and incendiary propaganda

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<sup>1</sup> Telegram 427, May 24, not printed.

<sup>2</sup> Telegram 418, May 21, p. 178.

and cannot (if Netherlands charges are correct) live up to understanding it would not expand foreign relations (Gocus 277 <sup>3</sup>).

If no progress results these efforts, future reports to SC can scarcely preserve reassuring tone since GOC can hardly put itself position allowing its failure to drop on SC out of clear sky.

Department pass Hague.<sup>4</sup>

LIVENGOOD

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<sup>3</sup> Telegram 421, May 21, p. 184.

<sup>4</sup> This was done on May 27.

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756e.61/5-2648 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

CONFIDENTIAL      US URGENT      THE HAGUE, May 26, 1948—6 p. m.

315. Netherlands Foreign Office official states Netherlands Government takes most serious view of Tass announcement re establishment consular relations between USSR and Indonesian Republic, particularly as Foreign Office has what it considers excellent proof initiative came from Republican side. Netherlands Government plans seek verification from Republic and then take up with GOC. Foreign Office official considers action contrary USSR's obligation as member SC.

Department pass Batavia.<sup>1</sup>

BARUCH

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<sup>1</sup> This was done the same day.

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501.BC Indonesia/5-2148 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

SECRET

WASHINGTON, May 27, 1948—7 p. m.

224. Usgoc 101. Dept favorably impressed analysis situation and proposed program set forth Gocus 275, May 21 and commends your initiative and resourcefulness. It is evident that 7-point program to achieve provisional Federal Govt can be put into effect only if agreement has been reached between parties on 4 issues identified in 3rd unnumbered para Gocus 275. Dept agrees with you that first 3 these issues should be resolved in general as you have suggested. Dept does not have at its disposal sufficient info concerning union court plan to request Dutch to drop proposal as suggested by you. Accordingly, pls telegraph immediately fullest possible details of court issue as presented by both sides. In this connection, it would be helpful to have your views regarding degree of protection to US interests which Dutch



proposal for union court would provide and possibility development of effective alternative device for protection of American interests other than arrangement such as US-Philippine Economic Agreement.

It is not clear whether "political agreement" referred to in numbered para 1 is to include specific agreements on steps to be taken to carry out program envisaged in remainder numbered paras. Dept's tentative view is that agreement on substantive details of procedure set forth in paras 1 to 7 together with dates on which events are to transpire should be included in the body of "political agreement".

Numbered para 3 implies that "political agreement" will not make express provision for delineation of states, but that this issue would still be subject to negotiation after signing of "political agreement". Pls clarify.

Pending info requested foregoing Dept will postpone discussions program recommended by you with Neth Emb Wash.

Sent Batavia as 224; rptd The Hague as 213.

LOVETT

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501.BC Indonesia/5-2848 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

SECRET

THE HAGUE, May 28, 1948—4 p. m.

319. Embassy has followed with closest interest recent exchanges between Department and GOCUS re state of negotiations between Netherlands and Republic (Gocus 275 May 21 and Usgoc 100 and 101 May 14 and May 21 [27] respectively). Discussions with Dutch Foreign Office officials show that Dutch here are highly and increasingly pessimistic re intentions and competence of Republic. Dutch feel that they have made great effort in preparation for interim period and creation new order and that this effort has not found response from Republicans. Secretary General Foreign Office has expressed personal view that Republic tactics are partly inspired from Moscow and that more reasonable Republic elements are under domination of terroristic groups in accordance familiar Asiatic pattern. Tass announcement and timing re Indo-USSR relations will not improve atmosphere.

Embassy believes that, although question of procedure if negotiations fail is under consideration, Netherlands Government hopes postpone decisions Indies policy until after elections scheduled July 7 and that thinking in government circles still predicated on hope that agreement with Republic at least on paper can be obtained in course

current negotiations. Help GOCUS still heavily relied upon. In absence such agreement following possibilities exist:

1. Resumption police action, capture Djocja and elimination Republic Government. Practical considerations, including attitude dominant Dutch political parties, make this improbable present conditions but further deterioration Soviet-US relations, further indication Soviet support Republic and further weakening SC's prestige as peace-enforcement organism would among other factors have eventual bearing. Dutch Army in NEI will presumably have to be used, withdrawn or at least reduced to smaller proportions in near future. But Embassy is confident Netherlands Government does not currently intend to take decisive military action.

2. Creation of USI without Republic with resultant attempted isolation of Republic. This course has undesirable features but may be considered only available one by Netherlands authorities. Bandoeng meeting could work this direction. Government feels encouraged at economic progress non-Republic areas.

3. Complete withdrawal of Dutch from Indonesia or at least from Java, Sumatra and Madoera. This is mere talk at present but continued maintenance Dutch forces in Indonesia in absence improved situation and prospects may well eventually prove too great a burden politically and economically for Dutch Government.

SC prestige here at low ebb and what is regarded as US interference (incompetent on part of "west"—hostile on part Soviets) in Indonesian problem increasingly resented. This not inconsistent with Government's hopeful looking toward GOC and especially GOCUS in present circumstances:

Foreign Office obviously hopes GOCUS will move in direction (a) of bringing pressure to bear on Republicans in order to get them to accept and implement political agreement along line Dutch proposals; and (b) of preventing Republican appeals to SC and discussion of problem there. In return for this support they might make concessions re political conditions areas they occupy Java-Sumatra and re economic conditions in Republican territory. Credits pending for NEI in Netherlands and US might play role here.

This Embassy realizes that policy toward Ind[ones]ia problem depends largely on appraisal strength Republic as both political entity and movement. On this point views of Netherlands representatives and of GOCUS currently widely divergent. This Embassy can only suggest that a solution of problem which if possible would ensure continued Netherlands participation in economic development and defense at least of major part Indonesia during forthcoming critical years would, even if not an ideal solution from point of view Indonesian nationalism and untried Indonesian democracy, strengthen practical friendly western democracy in the Netherlands and permit this country to play proper role on our side of Europe during a period

when attainable goal is apt to be preservation bases our civilization in limited territory rather than creation ideal conditions everywhere. Department pass Batavia.<sup>1</sup>

BARUCH

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<sup>1</sup> This was done the same day.

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501.BC Indonesia/5-2848 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

RESTRICTED

BATAVIA, May 28, 1948—5 p. m.

[Received May 31—7 : 11 a. m.]

439. Gocus 283. Netherlands delegation replied GOC letter on Bandung Conference by letter dated May 26 stating purpose conference is study problems bearing upon future status Indonesia and relationship Netherlands and future USI, to provide mutual consultations by Indonesians not represented by Republic delegation and to bring conclusions discussions to cognizance Netherlands and NEI Govts. Letter says Netherlands delegation trusts GOC will share its view Bandung conference not matter to be discussed between parties under auspices GOC.

Republic delegation in letter dated May 23 received May 27 stated it has instructed its representative Lake Success ask for discussion Bandung conference in forthcoming meeting on Indonesian question or ask for special meeting. Letter asks GOC and Netherlands delegation furnish comments soonest owing exceptional urgency matter and encloses copy letter dated May 23 to press drawing attention Bandung conference. Letter charges contravention *Renville* principles in that Bandung conference prejudiced (1) political agreement to be concluded between Netherlands and Republic which is to provide basis all further plans for construction USI, (2) procedure to be laid down in political agreement regarding formation Constituent Assembly and other bodies which will be devoted preparation for establishment USI and union in legal manner. Letter cites following statements by Abdul Kadir: "Further expansion federation goes on. Federalists consider federation without Republic in no way impossible. Republic no longer most prominent part Indonesia regarding strength its population or economic aspect. Federal region can financially and economically lead own existence, and even if current negotiations with Republic deadlocked federation will yet be built up." Also quoted is following broadcast by NEI Govt information service: "Whatever will replace Republic in January 1, 1949, is matter that does not even need discussion here. This entirely depends on Republic and internal Republic con-



stellation. Matter of greatest importance is that which Federalists are to set up in Bandung.”

Dept pass Hague.<sup>1</sup>

LIVENGOOD

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<sup>1</sup> This was done on May 31.

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501.BC Indonesia/5-2848 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, May 28, 1948—6 p. m.

440. Gocus No. 284. Vredenburg in Steering Committee today endeavored have removed from agenda GOC letters on Bandung conference (Gocus 281<sup>1</sup>). GOC agreed omit discussion this item but stated it wished make statement on conference subject willingness parties hear it. Vredenburg agreed with obvious reluctance, reserving his position on any such statement. Accordingly, secretary read statement (which prepared by USDel) as follows:

“In raising certain questions connection federation conference Bandung, GOC considers its interest two-fold:

First place, GOC enjoined by report political developments West Java and Madura. Inasmuch as *Wali negaras*<sup>2</sup> of Madura and Pasundan invited participate conference, GOC considered if conference empowered make decisions or recommendations which could affect West Java and Madura politically, it would have no option but take cognizance work conference in report SC.

Second place, GOC had taken note Article 3 truce agreement, sixth of twelve political principles and fourth of 6 additional principles. These principles in GOC view imply it cannot be known this stage what states, if any, in addition Republic will be formed Java, Madura, Sumatra. Having in mind particularly first of 12 political principles providing continuation assistance GOC in working out and signing agreement for settlement political dispute Java, Madura, Sumatra, GOC considered certain questions would inevitably arise regarding own position should it transpire representatives of states other than Republic, formed provisionally these territories, could make decisions or recommendations bearing upon structure federation in which these states themselves may have no part.

If, however, GOC understanding of Netherlands letter May 26 correct and federation conference Bandung merely consultative in character and without power make decisions or recommendations on matters now subject discussion between Netherlands delegation and Republic delegation, GOC will agree foregoing considerations do not require discussion conference under GOC auspices.

However, Republic delegation in letter May 23 stated it intends submit report federation conference to SC and has forwarded to GOC

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<sup>1</sup> Telegram 435, May 25, p. 185.

<sup>2</sup> Heads of state.

copy letter to president SC setting forth certain statements by Netherlands Indies authorities which gave impression contrary to that conveyed in Netherlands delegation letter May 26.

Parenthetically this connection, GOC would like raise question whether Republic delegation has already instructed its representatives Lake Success raise matter federation conference in SC and moreover whether it has brought to attention president SC the holding of conference.

GOC considers in view letters from Republic delegation it will be required comment on proceedings Bandung in report SC on basis discussions with parties."

Vredenburg reaction clearly most unfavorable. He stated proper method handling matter would have been direct informal discussions GOC with Netherlands delegation and that he very much regretted issuance statement. Roem stated Republic had not yet sent letters Lake Success but wished do so earliest and hence wished GOC and Netherlands delegations' comments soonest. GOC will meet with parties May 31 consider matter.

We feel position taken by GOC is only one possible and should give Netherlands delegation forewarning serious embroilments likely in SC if Netherlands attempts lay foundations USI at Bandung. USDel view as set forth in GOC is that provisional states formed by Netherlands in Java, Madura and Sumatra must be regarded purely as means enabling Indos participate in governments these areas present period and that this was certainly USDel point view in judging Netherlands actions in setting up Madura and Pasundan states. Determination form USI by representatives such states would cause USDel regard method creation these states in entirely different light.

USDel had hoped assumption initiative by GOC respect inquiry into Bandung conference would forestall Republic report to SC. We regret this evidently not possible owing deep anxiety Republic over implications conference.

Department pass Hague.<sup>3</sup>

LIVENGOOD

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<sup>3</sup> This was done on May 31.

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756e.61/5-2648 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*<sup>1</sup>

SECRET US URGENT

WASHINGTON, May 28, 1948—7 p. m.

228. Soviet announcement agreement exchange consular reps between USSR and Indo Repub occasions Dept great concern. Dept would appreciate comments you & DuBois significance influence on

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<sup>1</sup> Repeated in telegram 621, June 1, 6 p. m., to Moscow.

present negotiations such agreement. Following views offered for your consideration and immediate comment: (1) Both USSR and Repub have by this act contravened *Renville* agreements, to which Repub voluntarily subscribed and which has been accepted by SC of which USSR is member, (2) As Soeripno departed Jogja for Prague in Dec as Repub plenipotentiary to negotiate agreement with USSR, it would appear that initiative came from Repub side (Hague's 315, May 26, rptd to Batavia), (3) USSR doubtless desired by this act to minimize offense to Muslim world resulting from USSR recognition Israel.

Dept has for some weeks feared that Repub in no important sense desires to implement *Renville* agreements, having realized fact that truce has immobilized Dutch military; that Repub determined successfully to avoid obligations imposed on it by Prin 1 of 6 additional prins and to present embryonic USI with overwhelming power Repub possessing all important attributes of sovereignty incl foreign representation and foreign trade. USSR-Repub exchange consular reps naturally deepens Dept's fear. Dept remains convinced full honest implementation *Renville* agreements both parties offers best possible solution dispute.

USSR, obviously determined from outset to subvert *Renville* agreements against which it has been waging propaganda war in press and radio, doubtless considers this move successful step in this direction.

Dept would appreciate comments you and DuBois on desirability using this occasion energetically to catechize Repub on genuine character its intention implement *Renville* agreements, adding that Dept continues to assume that Repub, having entered voluntarily into *Renville* agreements, has always intended and intends to implement all those agreements.

Sent Batavia as 228. Rptd The Hague as 215.

LOVETT

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501.BC Indonesia/5-2848: Telegram

*The Acting Secretary of State to the Consulate General at Batavia*<sup>1</sup>

SECRET

WASHINGTON, May 28, 1948—7 p. m.

230. Dept considers early restoration operations oilfields now under Republic control as essential to recovery Far East and approves USDel approach in emphasizing US concern that NEI oil potential be fully utilized to help solve world oil shortage particularly for Far East needs.

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<sup>1</sup> This telegram was in response to telegram 419, May 21, 3 p. m., from Batavia, not printed.



Re negotiations Dept suggests importance temporary compromise reopen fields immediately without prejudice to and pending settlement disputed points by negotiation.

Dept presumes Republic in position to enforce claim military control fields and priority right to petroleum for domestic civil and military needs. Negotiations regarding share exchange proceeds Djambi production and Pakanbaroe hectare tax should not preclude temporary settlement on basis suggested. USDel authorized endeavor secure acceptance reasonable agreement since increased NEI output vitally important.

LOVETT

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501.BC Indonesia/5-2948 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL      US URGENT      BATAVIA, May 29, 1948—6 p. m.

441. Gocus No. 285. Political Committee yesterday considered Republic's foreign relations.

Roem read paper prepared by his Govt which stated recognition Republic by Yemen was unilateral act which took place February as result earlier contact, that ECAFE case was continuation last year's Baguio conference (he promised early reply second Netherlands invitation for Republic participate in Indonesian delegation), that designation Palar as Envoy Extraordinary and Minister Plenipotentiary does not change foreign relations Republic and that "with regard surprising report Moscow Radio, no official information has as yet reached my govt, I think it not in accordance true facts." Seems better for us observe patience and await further reports and information which undoubtedly be sought by Republic govt.

Vredenburg in withering retort accused Republic of double-dealing and pressed for further information on May 26 Moscow Radio broadcast which stated as result negotiations Praha between Soviet Ambassador <sup>1</sup> and Suripno, Republic representative, two govts had agreed establish diplomatic relations and exchange consuls. Roem called attention statement by Republic Foreign Minister Salim to Aneta in which Salim said that Moscow broadcast possibly meant that USSR on own initiative has recognized Republic, which he could only welcome, but he had no knowledge of establishment USSR-Republic relations, that no Republic representative has been authorized conclude such agreement and that Republic does not recognize action Suripno. (Statement also gives Stalin <sup>2</sup> view that until formation USI Republic

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<sup>1</sup> Mikhail Aleksandrovich Silin, appointed in March.

<sup>2</sup> Generalissimo Iosif Vissarionovich Stalin, Chairman of the Council of Ministers of the Soviet Union.

has independent existence with right extend foreign relations although he had no intention do this in order avoid causing unnecessary difficulties.) In reply further query by Vredenburg, Roem could say only that Stalin statement was "on whole" official. Vredenburg thereupon stated he had received from friendly source in Republic copy letter Sukarno to Suripno dated December 25, 1947 authorizing latter establish relations with central European states and USSR. This obviously came as complete news to Roem. Vredenburg insisted that if Suripno's instructions subsequently countermanded he acted without authorization and that hence no relations with USSR had been established. If Roem unable say which was case, it clear Republic delegation out of touch its govt, or else question must arise what kind of govt Netherlands delegation dealing with. He added he returning Batavia following morning and wished take Republic reply with him in order inform his government. He believed if Republic continued its present policy respect foreign relations, there only slight chance political agreement.

Roem stated Republic Cabinet meeting that night and he would endeavor have reply for Vredenburg next morning.

Immediately after meeting Vredenburg asked special meeting with Dubois and Herremans. He stressed serious view he took of establishment USSR-Republic relations, emphasizing consequences to be expected from Soviet Consular penetrating Indonesia, and asked Dubois emphasize with Republic urgency satisfactory reply disavowing Suripno's action, failing which he stated he would be forced return Hague.

At same time, USDel adviser saw Roem and Pringgo Digdo and pointed out that in absence clear-cut answer from Republic making plain it had not sought recognition by USSR, position USDel would be seriously weakened respect its ability get sympathetic hearing by Dutch and State Dept of Republic's case in political negotiations. We said we had hoped GOC could play constructive role, noting that in respect Budiardjo affair and Bandung Conference Republic Delegation had no cause complain of GOC action, and that question was now one of whether Republic wished undermine USDel position. Roem and Pringgo Digdo thoroughly understood situation, Pringgo Digdo agreeing sole Soviet aim Indonesia is creation chaos and describing Suripno as "saloon Communist".

From foregoing conversation and subsequent conversation Pringgo Digdo, who called USDel next morning to bring results Cabinet action, it appears Republic through characteristic lack coordination and lack communications with representatives overseas has fallen into terrible quandary, namely whether affront western nations by accepting Soviet recognition or alienate own public opinion by dis-

avowing recognition of formidable power at time when Republic itself believes Dutch preparing dispose of Republic by force. According Pringgo Digdo, Suripno did not receive instructions as brought out by Vredenburg but this action was taken by Sjarifuddin government, and present government including Hatta, had never heard of it. Pringgo Digdo produced text press release which Cabinet intends issue as follows:

"Republic Government does not know yet what is precisely meant by 'an agreement between Soviet Union and Republic'. It is possible we confronted with unilateral recognition Republic by Soviet Union as sequence its attitude in recognizing Israel. If true Suripno in Praha has established relations with Soviet Russia, his action would be based generally mandate granted by government December 1947, prior *Renville* Agreement, to seek relations with countries central and eastern Europe, in view threat Netherlands military action. With view obtaining clarification Suripno's real actions, government has called Suripno to Jogjakarta. Meantime, foreign policy Republic remains as set forth statement made by Republic delegation to GOC viz at this time there will be no extension scope Republic foreign relations."

Pringgo Digdo in presenting statement admitted it not satisfactory from our point view but pointed out there no possibility Republic stating Suripno acted without authority since he clearly had authority. Statement was as far as Cabinet could go at present. However, Hatta wished us inform State Department that as long as he Prime Minister there would be no exchange consuls with USSR. He also wished to see Dubois tomorrow. Pringgo Digdo insisted Republic living up to understanding it had given not to expand foreign relations and produced text telegram Hatta to Sudarsono in New Delhi explaining necessity Republic participate interim government and noting appointment representative to Burma would lead complications. He stated Republic calling off appointment representatives to other countries which had indicated they would welcome relations with Republic. We asked if he would convey same information Vredenburg. Pringgo Digdo said he would gladly talk to Koets, who human being, but never to Vredenburg, who was old Dutch colonial and unwilling believe anything Republic said.

Accordingly Dubois drove Jogja and intercepted Vredenburg at airport. Vredenburg was savage. While conceding Hatta's assurances that no representatives would be exchanged was "something", he called Republic press release totally unsatisfactory and stated that situation closely concerns us, Roem's statement to Political Committee tissue of lies, no credence whatever to be placed in Republic statements, impossible negotiate with such people and that he intended issue press release moment he gets out plane and will fly Hague if



relations with USSR not completely repudiated by Republic. Dubois had impression he wished negotiations breakdown.

USDel feels strongly assurances given by Republic, public and private, should be taken as sufficient for present. Nonimplemented recognition Republic by USSR is trivial compared with what may be expected should efforts reach political agreement fail.

Department pass Hague.<sup>3</sup>

LIVENGOOD

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<sup>3</sup> This was done on May 31.

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501.BC Indonesia/5-2948: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, May 29, 1948—7 p. m.

442. Gocus No. 286. It has been experience USDel that in disagreements between Netherlands delegation and Republic delegation on period following creation USI basic issue is question sovereignty USI. Despite statement in Netherlands delegation working paper that union will not be super-state nor its organs form super-government, Republic delegation is fearful that this is in fact far from real Netherlands intentions. In USDel opinion there ample justification such fears on basis certain Netherlands proposals, chiefly:

(1) That constitution USI will be subordinate to union statute and that constitutions USI and member states must conform to statute. Republic delegation takes position that for USI to be sovereign, constitution USI must be the supreme law of land and that union statute, while having some special characteristics not found ordinary treaties, must, as in case of treaties, conform constitution USI. While Republic delegation recognizes that in their inception there will be no conflict between constitution and union statute, they are concerned that there be no opportunity in future for interpretation that union statute governs in event conflict.

(2) That in addition disputes between union partners, union court justice will have jurisdiction in disputes involving corporations and individuals, and in disputes between states of USI. Republic delegation takes position that union court justice can have jurisdiction only in matters involving union partners and that to give jurisdiction over cases involving disputes between one member state and another within USI, corporations, and individuals, would be to derogate from authority of courts of USI and pass large measure control to Dutch dominated court outside the structure of otherwise sovereign state. In this connection, provision is made in Netherlands delegation working paper that "the formal binding character of the (financial and economic agreements between Netherlands and USI) will be laid down in union statute." We of opinion that should union court be given jurisdiction

over corporations and individuals, these agreements would in most cases be enforced by union court and consequently this could provide method direct interference in USI internal affairs such as taxing power, labor law, anti-monopoly laws, regulations, et cetera.

(3) That defense USI be integrated through a common union defense authority originating from council union ministers whose task, according Netherlands delegation working paper, will be promote common defense interests and ensure lasting cooperation. Moreover, Netherlands delegation working paper appears indicate USI army will be vested in union. Both points at variance Republic concept exercise full responsibility for defense by USI.

In dealing with current problems such as Republic's foreign relations, USDel has found that it is seriously handicapped not being able reassure Republic on above specific questions concerning limitations sovereignty USI. USDel would be able more effectively to deal with Republic if it could indicate US support for Republic position on above questions.

Department's comments urgently requested. Department pass Hague.<sup>1</sup>

LIVENGOOD

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<sup>1</sup> This was done on May 31.

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501.BC Indonesia/5-3048 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

BATAVIA, May 30, 1948.

443. Gocus 287. Steering Committee today took up question status delegation members one party while in territory other party and discussed Republic May 20 letter regarding police search homes member of Republic delegation and member secretariat May 19 and Netherlands memo requested by GOC. Memo stated number of searches conducted in Netherlands territory to investigate subversive organizations and that incompleeted investigation provided evidence of serious situation calling for immediate action. Vredenburg on behalf Netherlands delegation said he regretted that homes Boediardjo and Salim searched, stating that police had not consulted Netherlands Government and delegation in advance because security officials considered circumstances urgent and grave. Had they been consulted he felt Boediardjo and Salim would not have been bothered. Vredenburg shared impression expressed by GOC chairman last meeting that informal understanding reached during *Renville* negotiations that representatives either delegation would have immunity when in territory other party.

GOC noted Republic delegation's letter stating Republic would submit report its views Bandung Conference to SC and notifying GOC and Netherlands delegation its proposed action in order afford them opportunity submit comments to SC. Letter stated Republic representative Lake Success instructed ask for discussion this matter in SC scheduled meeting on Indo question or ask for special meeting. GOC in meeting with parties June 1 will discuss manner of handling.

Republic delegation proposal for establishment joint monitoring board for elimination broadcasts infringing truce referred EcoFin subcommittee study technical possibilities.

LIVENGOOD

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501.BC Indonesia/5-3148 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

SECRET      US URGENT

WASHINGTON, May 31, 1948—4 p. m.

NIACT

233. Usgoc 102. Neth Emb informed Dept May 30 Neth Govt considers continuance present negotiations useless unless and until satisfactory understanding can be reached with Repub regarding foreign relations during interim period. Neth Govt does not consider Repub's statements to date satisfactory this respect. For example, although Repub press release May 29 (which Du Bois handed Vredenburg prior latter's departure from Jogja) characterizes Soviet announcement regarding exchange consular reps as unilateral act on part of USSR, Neth Govt does not consider that press release offsets statements made by Roem before GOC on May 28. The Hague particularly concerned with Roem's statement that date to effect that Repub emphatically repudiates any understanding which would restrict its right to conduct its foreign relations. The Hague also concerned that Roem's May 28 statement interpreted his previous undertakings regarding Repub's intention not to extend scope of foreign relations as meaning that Repub would not enter "any new relations other or more than those which had been established or were under way".

Dept queried Neth Emb whether The Hague had given Embassy any indication as to what steps Neth Govt would take in event negotiations were discontinued. Embassy had no information on this.

In view possibility Neth Govt may consider itself compelled discontinue present negotiations, Dept hopes you can find way during next few days obtain from Repub authorities satisfactory assurances that Repub will live up to its obligations under first of six additional principles. Sent Batavia as no. 233; rptd The Hague as no. 219.

LOVETT



501.BC Indonesia/5-3148 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, May 31, 1948—5 p. m.

445. Gocus 288. From talks with Republican delegates and press representatives who have wide contacts Republican circles, it evident Republic hopes political settlement at extremely low ebb. Pringgo Digdo says progress negotiations political subcommittees nearly ended with parties still far apart. Republic appears regard eventualities without panic and to be steeling itself for Dutch military offensive which it would apparently rather face than accept present Netherlands terms, since these in Republic's view would mean disappearance Republic in NEA [NEI?] Government.

While Republic clearly anticipates swiftness [loss?] all Java it probably expects hold out some areas Sumatra. In fact, it now endeavoring move officials to Sumatra from Java. There some belief that when Sukarno proceeds Sumatra later this month he will remain.

Republican defense will be two-fold:

1. In line importance attached by Republic to world opinion, it will undoubtedly endeavor continue broadcasts from Sumatra. Representative Republic already engaged getting officials to other countries who can maintain propaganda offensive. Some indication Republic has two Dakotas which engaged flying officials to Bangkok from Sumatra, which would explain Republic's refusal accept Dutch control air traffic, although this is price Netherlands delegation has heretofore demanded for agreement permitting ships engaged foreign trade discharge and load cargoes Republican ports subject Netherlands regulations and inspection.

2. Current streamlining of TNI may be preparation for guerrilla war which Republic unquestionably expects wage. This connection first infiltration armed TNI soldiers into Netherlands areas since truce recently reported from Sumatra by Netherlands delegation. This movement will grow if atmosphere deteriorates much further although it does not yet represent policy Republican Government. In addition guerrilla warfare, Republic admittedly planning all-out scorched-earth tactics. Pringgo Digdo (who formerly chief statistician NEI Bureau Statistics, conspicuously a moderate, and good friend Koets as result lessons learned during police action Republic) expects economic sabotage to be extremely effective. Commenting on our observation that estates Netherlands areas still require protection by troops, he said present difficulties Dutch give no indication capacity Republic inflict damage since Republic genuinely doing best cooperate with Dutch present period. (NEI economic review for April shows only 36 percent Dutch estates West Java reoccupied after seven months police activities and two of truce.) Pringgo Digdo reiterated unanimous Republican view that Netherlands has not yet attracted single Indonesian leader to Dutch side, only some civil officials. He stated that regardless Netherlands military successes, Republican movement would con-

tinue both above and underground, that Netherlands could not impose order on Indonesia except by exterminating all Indonesian intellectuals, and that Republic was confident it could render Indonesia untenable to Dutch. Gani expresses same view Republic's ability bring Indonesian economy to standstill by scorched-earth policy and says he doubts US can pour sufficient money into Netherlands to enable Dutch hang on in Indonesia should hostilities be resumed.

Some information indicates Republican Cabinet will soon be reformed with addition Left-wing FDR ministers, possibly including Sjarifuddin or Setiadjit, and that original intention was effect reshuffle this week but that move may be delayed to avoid apparent tie-up with Soviet recognition. New cabinet would be responsible to parliamentary working committee (present cabinet is responsible president). Change over would be result demonstration national solidarity which took place May 20 in celebration 40th anniversary Indonesian nationalist movement. Declaration signed by representatives all major political parties called for maintenance Republic's foreign relations, increased consciousness on part whole people of necessity continuing struggle for independence and for large scale training of army and coordination military effort with industry and agriculture in order resist enemy attack. Joint declaration represented closing of Republican ranks after months of sharp discord between Left and Right-wings.

Brackman of UP, who arrived Indonesia just over year ago, says atmosphere and current developments Dutch-Republican dispute present unescapable parallel with those exactly year ago.

Department pass Hague.<sup>1</sup>

LIVENGOOD

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<sup>1</sup> This was done the same day.

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501.BC Indonesia/5-3148: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, May 31, 1948—9 p. m.

446. Gocus 289. Following are highlights Netherlands delegation oral note regard pre-Federal Government:

1. As consequence sovereignty, Netherlands Government has discretionary power to regulate formation, organization, competences of Provisional Federal Government. Possible but not obligatory Netherlands Government would use power according scheme outlined this note. Not obligatory because question organization and powers Provisional Federal Government concerns whole of Indonesia.

2. Powers and responsibilities to be conferred gradually on whole complex of Provisional Federal Government i.e., government in limited sense, also pre-Federal Senate and House of Representatives.



3. Maximum powers of Provisional Government limited by (a) maintenance of Netherlands sovereignty, (b) rights of member states. Re point (a), note says "this naturally does not mean that supreme authority will fail take into serious consideration advice pre-Federal authorities as has been correlant custom in past with regard to NEI government, and it may be assumed this standard practice will be further extended wherever possible."

4. As to organization provisional government, Netherlands delegation uses three phases: (a) After political agreement, certain secretariats to be entrusted Republic officials; (b) after delineation states, pre-Federal Senate to be formed; (c) after free elections throughout Indonesia, pre-Federal House of Representatives to be formed.

5. Upon political agreement, Republic territory to be granted status provisional *Negara* with powers not less than other member states. Upon delineation states as per fourth additional *Renville* principle, territory future member states Republic Indonesia to be precisely delimited.

6. Provisional *Negara* Republic Indonesia to be granted all except certain powers: (39 excepted powers are enumerated on note, beginning foreign relations, ending weights and measures, including *inter alia* defense, all taxation, university education, police supervision respect federally assured interests, supervision information, broadcasting and films, economic matters ranging from trade to cattle breeding insofar as related interests whole of Indonesia). Republic to transfer to Netherlands or Netherlands Indies Government all enumerated powers.

7. As long as Netherlands sovereignty maintained, Lieutenant Governor General must retain power deviate from decisions Provisional Federal Government. In such cases, Lieutenant Governor General will invariably at early date notify Provisional Federal Government of his reasons. It conceivable that, as powers of Provisional Federal Government gradually extended by Royal decree or law, criteria will be established for exercise veto power. Such criteria could be (a) interests of Kingdom of Netherlands, (b) interests whole Indonesia or particular member states, (c) interests minorities, (d) safeguarding fundamental rights. Moreover, at later state, appeal to Crown over Lieutenant Governor General "may be conceived".

8. As already stated in NEI statute, laws should be framed in concert with Council department heads (Provisional Federal Government) until representative body formed. Here too Lieutenant Governor General may veto.

Oral note was presented Republic some time before May 18 to Vredenburg, who told us he did not wish it documented by GOC this stage (Gocus 275<sup>1</sup>), and left with USDel by Riphagen May 28.

Note, which is condescending in tone and suggests inhuman Vredenburg manner, may contain some points for bargaining purposes but appears calculated give Republic severe fright by stress laid on virtually complete powers reserved Lieutenant Governor General interim

<sup>1</sup> Telegram 418, May 21, p. 178.



period and by failure give any guarantee such powers will be relaxed or any indication when sovereignty to be transferred. Extraordinary range of powers that Republic, as *Negara*, must surrender, raises question whether Dutch have any interest in or understanding of federal principle and gives some weight to Republic charge that "assertion that Indos split in two camps, Federalists and Unitarians, has no basis whatever and only tends mislead world opinion."

Full text follows air pouch.<sup>2</sup> Department pass Hague.<sup>3</sup>

LIVENGOOD

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<sup>2</sup> Despatch of June 1, not printed.

<sup>3</sup> This was done the same day.

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501.BC Indonesia/6-148 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

CONFIDENTIAL

THE HAGUE, June 1, 1948—5 p. m.

325. Question raised re Gocus 286<sup>1</sup> in effect is that of nature proposed union. Problem of Netherlands Government is to negotiate agreement on this subject with Republic and with other entities which will make up USI and then secure two-thirds approval vote in Netherlands States General so that agreement will be binding on Netherlands Government. Constitutional amendments recently passed over two-thirds majorities both chambers are merely permissive, enabling government to continue negotiations along lines of necessarily vague Linggadjati and *Renville* principles application of which can give rise to widely varying types of union. States General now to be dissolved and new elections to be held July 7. Amendments to become part constitution must have approval of two-thirds new chambers meeting July 27. These new chambers will have also to pass by [a?] two-thirds vote on definitive constitutional arrangements such as union.

Government can count on opposition extreme right and Communists to any union proposal upon which it and Republic might agree. This means over 20 percent votes second chamber. In addition opposition parties controlling nearly 18 percent are pledged to support only "strong" union. Finally, government parties, i.e., Catholic with 32 percent and Labor with 29 percent vote in lower chamber, while they have so far agreed substantially on Indonesian policy have developed in recent parliamentary debates rather divergent views on nature of union with Catholics calling for an organism with clearly defined competence and authority while Labor views lay greater stress on ulti-

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<sup>1</sup> Telegram 442, May 29, p. 196.

mates sovereignty union partners. Netherlands delegation working paper is not known to parliament or public here. It reflects views of government experts embodying government's appraisal of desiderata in forthcoming negotiations and of what could be approved in States General. Obviously there is room for bargaining.

Before deciding to give "US support for Republic position" on questions cited in Gocus 286, Department will wish to consider as one of pertinent factors that Netherlands Government to make any agreement effective must secure approval of two-thirds members States General. Our own interest in defense and economic development of Indonesia will also no doubt determine extent support Republic's position which may be in conflict position other Indonesia entities. Embassy's despatches 115 of February 24, 173 of March 19 and 296 of May 27<sup>2</sup> give pertinent background.

Department pass Batavia.<sup>3</sup>

BARUCH

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<sup>2</sup> None printed.

<sup>3</sup> This was done the same day.

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501.BC Indonesia/6-148 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, June 1, 1948—6 p. m.

US URGENT

[Received June 3—11 a. m.]

459. Gocus 292. Further to Gocus 275,<sup>1</sup> USDel in talk with Riphagen few days ago stressed importance formation provisional federal government on basis elections as offering perhaps only hope political agreement. In course talk we advanced basic argument set forth Gocus 275. Riphagen held to Netherlands delegation position which as set forth working paper on defense is that "demobilization Republic military forces will have to take place gradually according schedule to be agreed upon and will have to be completed some time before delineation states either by plebiscite or other method. For it need not be argued there can be no question of truly free expression popular will as long as considerable, partly irregular fighting formations prevent return normal conditions". He said he unable see Republic objection accepting control provisional federal government and recognizing Netherlands sovereignty for short period, and maintained elections quite impossible so long as freedom ballot could not be guaranteed Republic areas. We replied as follows:

1. Provisional federal government as envisaged oral note (Gocus 289<sup>2</sup>), in which members would be appointed by lieutenant governor

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<sup>1</sup> Telegram 418, May 21, p. 178.

<sup>2</sup> Telegram 446, May 31, p. 200.

general who in addition would exercise absolute power, seemed to us nothing more than NEI Government. We could not conceive Republic surrendering two pages of powers listed oral note to Government whose cut-and-out Dutch character would not be altered by circumscribed and minority participation Republic.

2. Netherlands concept interim period envisaged restraints upon Republic such as no revolutionary movement could be expected endure, particularly one which had successfully exercised full powers government over tens millions people for nearly three years. If Republic forced accept Netherlands terms, we believe that by time Netherlands considered "normal conditions" restored and "truly free expression popular will" possible, Republic would not be left to take part since Republic leaders, apart from those who had alienated selves from Republic movement by agreeing Dutch terms, would hence be dependent Dutch support, would all be dead, in jail, or in hills. (However, we did not believe restoration normal conditions in Netherlands sense possible.)

3. Sovereignty in our view implied obligations as well as rights, and that in preparing Indonesians for independence Netherlands had paramount obligation allow Indonesian peoples find their own leadership and avenues political expression, and allow Indonesian political groups achieve equilibrium, without employment Netherlands Armed Force, to weigh one side against an otherwise independent USI [which?] would fall heir unresolved and dangerous conflicts. However, we convinced Netherlands post-war policy had been to oppose Republic movement by every means and to give every encouragement to anti-Republic elements. In circumstances, we considered it not remarkable Republic balked at accepting reimplementing Netherlands sovereignty over all Indonesia.

4. Formation representative Indonesian Government seemed to us *sine qua non* any real progress toward settlement political issues. Since no alternative to elections appeared exist as means obtaining true representation, we believed parties should forthwith concentrate efforts on evolving methods assuring secret ballot, reduction unwarrantable influences to minimum and conduct electioneering. Reasonably satisfactory solution these problems, which we considered not impossible, would largely meet argument that "Federalists" would have no chance in Republic areas. Any event, we believed Netherlands had already won major concession from Republic in obtaining confirmation its control over territories containing three-fifths Indonesian voters. Moreover, we convinced great majority Indonesian brains were in Republic and that firm basis Netherlands-Republic cooperation not difficult obtain.

Consequently we saw no reason for Netherlands trepidation at prospect provisional federal government dominated by Republican parties, especially since Republican elements seemed far more able than any other groups assure coherent administration Indonesia.

Riphagen conceded majority of capable Indonesians in Republic and that any elected Indonesian assembly likely contain majority Republicans but was adamant other points.



USDel recently sounded out Pringgo Digdo on possibility satisfactory general election on regency basis under present conditions. Pringgo Digdo thought that if GOC observation assured, election should present no great problems and appeared imply that if held under such observation Republic would accept verdict. He said only obstacle electioneering Republic areas by anti-Republic speakers would be "moral pressure" which he conceded would be virtually prohibitory. However, TNI would guarantee security anyone who wished speak. He admitted general election in Republic would have undesirable consequences sharpening party conflicts but said this would certainly not be overriding consideration.

USDel has also discussed with AusDel details of possible election procedure. AusDel convinced that while election would not be model, it offers only solution present impasse which parties might reasonably be expected accept and that there no reason it could not be conducted with adequate smoothness and prospect achieving far closer approximation true representation Indonesians than any other method. We hold same view. Critchley believes participation Republicans in pre-federal government in interval prior elections would raise more problems than it would solve.

We also now seriously question practicality attempting install Republican representatives in any pre-federal government prior formation elected provisional federal government, believing arrangements requiring would be too complicated and distracting to be justified for short period, furthermore that question jurisdiction such government over Republic would be thorny problem. We believe major efforts this period should be rather toward closer cooperation between parties, particularly in economic field and toward preparation integration Republic with other Indonesian areas following formation provisional federal government.

After further thought, USDel believes that if additional difficult negotiations and possible deadlocks to be avoided, political agreement should cover whole future Netherlands-Indonesian relationship and hence should incorporate final draft union statute rather than mere principles for subsequent elucidation by roundtable conference. While it true that Republic will not exist as such after institution provisional federal government and that there no other organization now existing which could be bound by agreement following institution such government, nevertheless Netherlands, in agreement with Republic, could legitimately reserve all rights regarding transfer sovereignty should Constituent Assembly refuse ratify union statute as contained political agreement. We consider such provision essential safeguard Netherlands interests.

Amending and amplifying plan outlined Gocus 275, we propose following schedule phases leading creation USI:

### *I. Pre-Election Period*

A. To be no more than 3 months, subject Technical Commission reaching agreement on delineation states.

B. Republic to retain responsibility for security areas under its control, TNI continuing in existence.

C. Republic foreign relations to be frozen with technical status its representatives perhaps being altered.

D. Parties to establish following joint bodies, among others: (1) Electoral commission charged with making preparations for elections; (2) reconstruction board, charged with duty expediting restoration non-Indonesian private properties Republic areas to owners and opening of Republic areas to trade and commerce; (3) Preparatory Commission to plan integration Republic fiscal and monetary systems and Republic administration (so far as it includes federal functions) into provisional federal system; (4) Defense Commission, including joint staff, to carry out progressive partial demobilization armed forces both parties and plan integration TNI into defense forces provisional federal army; Technical Commission to delineate states.

### *II. Provisional Federal Government*

A. Elections to be held throughout all Indonesia for delegates to Constituent Assembly with regencies or equivalent areas as electoral districts without regard present state boundaries.

B. Constituent Assembly as provisional parliament to form provisional federal government, which will replace March 9 government.

C. Netherlands to transfer to provisional federal government full powers self-government and Republic to transfer control TNI, foreign relations, currency and other federal functions.

D. Lieutenant Governor General to exercise veto power over action provisional federal government only within agreed limits and not over Constituent Assembly in exercise functions enumerated below.

E. Constituent Assembly to: (1) ratify delineation states; (2) draft constitution USI; (3) ratify union statute; (4) provide for elections in accordance constitutional provisions.

F. Provisional state governments to be formed, probably through election of officials by delegates to Constitutional Assembly from regencies included in states.

### *III. Creation USI*

A. USI to be considered formed and to seek full diplomatic representation abroad and membership UN and allied international bodies after steps in subparagraph "E" above complete and constitution ratified by representatives of majority states in Constituent Assembly. (States unwilling ratify may seek special relationship with Netherlands and USI.)

After close consideration whole problem political agreement, USDel now considers that plan along lines above offers virtually only hope early, peaceful formation USI. While plan admittedly would be gamble, we believe odds favor its success, whereas indications are that over-all Dutch plan, which depends wringing further and vital concessions from Republic and virtual restoration pre-war NEI Government interim period without serving any essential objective, is almost certain lead to catastrophe. We believe US should press for Dutch acceptance in GOC and Washington and Hague, and if ultimately necessary even in SC, in order clearly dissociate US from responsibility debacle which appears unavoidable should Dutch refuse abandon their plan and which will irreparably damage US prestige throughout Far East unless our position clearly manifested.

We believe announcement Netherlands acceptance plan to grant full powers self-government to elected Indonesian Government in accordance program outlined would instantly transform atmosphere here and that evidence Netherlands intention carry out plan in wholehearted spirit would cause Indonesian confidence to soar for first time since September 1945, and provide firmest possible basis lasting attitude cooperation on part Indonesians toward Dutch. Moreover, we believe under these conditions Indonesia not incapable providing pro-western, stabilizing influence of greatest importance all southeast Asia.

In absence contrary instructions from Department, we shall endeavor get agreement GOC on plan and also on other areas political agreement covered AusDel working paper (Gocus 282<sup>3</sup>) in order go before parties with complete proposals.

If Department disapproves plan, USDel frankly at loss know what suggest.

Department pass Hague.<sup>4</sup>

LIVENGOOD

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<sup>3</sup> Telegram 436, May 26, not printed.

<sup>4</sup> This was done on June 3.

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501.BC Indonesia/6-248 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET US URGENT

BATAVIA, June 2, 1948—6 p. m.

NIACT

462. Gocus 295. Du Bois lunched with Hatta today. Hatta reiterated Republic has no intention exchange representatives with USSR.



He said letters exchanged Silin and Suripno did not bind Republic, that Republic could do nothing until letters received and would then not submit them for ratification by Parliament but would put them in a box. Du Bois asked if they would be kept there indefinitely. Hatta said yes. Du Bois called attention statement by Roem that Republic would not enter new relations other or more than those established or under way and asked if nevertheless statement in Republican press release that at this time there will be no extensions scope Republican foreign relations still stood. Hatta said it did.

Hatta stated tension and apprehension increasing in Republic. He had received reports that Dutch were moving troops from Batavia up to Semarang, Poerwokerto and Malang by train. After giving orders recently for removal of all demolition bombs from factories in Republic in order resume production, Hatta now had reports local populace spontaneously putting bombs back. (This connection, Djuanda says removal and destruction plans equipment on Republican side *status quo* line Malang area are local reaction to Dutch troop movements.)

USDel considers Republic has gone as far as it can be expected at this time in disavowing relationship USSR, that it has, in fact, shown considerable in West [*restraint ?*] by attitude taken, and that incidents should be regarded as closed. We also believe that Republic, despite tempting opportunities, has not in real sense expanded its foreign relations since giving assurances 2 months ago it would not do so. We feel very strongly there no reason suspend negotiations this time and that to do so would bring its disaster.

USSR [*USDel*] urges Department inform Netherlands Ambassador soonest that all talk of suspending negotiations should cease instantly, that any movements Netherlands troops toward *status quo* line be immediately terminated, and that any troops already sent forward be withdrawn soonest and that US will not tolerate repetition events last July.

Du Bois did best allay some of damage done by talk of suspending negotiations by giving Hatta some idea of plan for political settlement now under consideration GOC and by stressing USDel determination negotiated settlement be achieved and emphasizing USDel confidence.

Department pass Hague.<sup>1</sup>

LIVENGOOD

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<sup>1</sup> This was done on June 3.

501.BC Indonesia/6-348 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET URGENT

BATAVIA, June 3, 1948—11 a. m.

[Received June 9—9:50 a. m.]

463. Discussed Deptel 228, May 28 at length with Dubois, taking also into account Usgoc 101<sup>1</sup> which appears to indicate preliminary favorable consideration program proposed in Gocus 275, May 27 [21]. If possibility if [as?] foreseen (and the difficulties in the way especially of Dutch acceptance are obviously grave) of obtaining agreement along lines envisaged that program, I doubt expediency at this juncture of a general catechising of Republic on intentions with regard carrying out *Renville* terms. Believe that catechising would probably antagonize Republic against US and endanger chances GOC putting over USDel's contemplated last-ditch program.

On the other hand consider it was highly essential that particular case of Republic-Soviet negotiations to interchange consulates despite *Renville* be taken up with Republic as strongly as situation permitted. This however had been already done at considerable length by Dubois before I arrived. While Dubois' view when I talked with him was that Gocus 285, May 29 and 291, May 31<sup>2</sup> contain all assurances Republic Government can give at present time and stay in power, but he had subsequently received as guide for whatever action is possible Deptel 233, May 31. Information of further developments awaited from Kaliurang.

LIVENGOOD

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<sup>1</sup> Telegram 224, May 27, p. 186.

<sup>2</sup> Latter not printed.

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501.BC Indonesia/6-348 : Telegram

*The Secretary of State to the Consulate General at Batavia*

SECRET

WASHINGTON, June 3, 1948—3 p. m.

240. Usgoc 103. Your views re following requested.

Dept considering long-standing application of Neth Govt for export license covering 10,000 carbines and 10,000,000 rounds 30 cal. carbine ammunition. Order placed with private US firm. Neth Rep has stated that this order is required to adequately equip police force to act in first instance for interim Govt and subsequently for USI.

Should Dept withhold export license, such act would doubtless be interpreted by Neth as reflection Neth intentions re fulfillment truce.

In present circumstances Dept requests your views as to (a) decision in principle and (b) timing.<sup>1</sup>

MARSHALL

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<sup>1</sup> Mr. duBois replied in telegram 471, June 7, 8 a. m., from Batavia (Gocus 299), strongly advising "that in principle no arms should be shipped this country until they can be consigned sovereign USI Government. As to timing, present could not be worse." (501.BC Indonesia/6-748)

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501.BC Indonesia/6-348 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, June 3, 1948—7 p. m.

466. Gocus No. 297. Re Usgoc 101:<sup>1</sup> Netherlands plan union court (paragraph 18 Gocus 239<sup>2</sup> and paragraph 7 Gocus 241<sup>3</sup>) envisages severe restraints on USI political and economic freedom by court outside USI composed equal number Indonesian and Netherlands judges. Other features Netherlands plan for USI and union calculated assure subordinate position Republic in USI and guaranteed dominance Netherlands adherents in Asi [USI] and consequently in court. In addition objections union court set forth Gocus 286,<sup>4</sup> right of member state in USI to win judgment against neighbor state through appeal to authority outside nation might well foment civil conflict. Moreover, jurisdiction union court in cases involving individuals and corporations might be used perpetuate Netherlands monopoly position. While established USI [US] interests Indonesia would doubtless gain same protection as Dutch interests through such court, US delegation believes US enterprises seeking participate Indonesia in future would have more favorable position in USI court than in union court, further that should USI and US sign commercial treaty, US interests would best be served if court outside USI cannot interfere in contracts pursuant such treaty. In short, US delegation believes jurisdiction union court should be limited cases brought by USI or Netherlands Governments and arising under union statute with provision that highest court USI or Netherlands could in all cases arising in own jurisdiction request advisory opinion union court. As Netherlands undoubtedly aware, however, formation USI honest basis will result union court chronically split fifty-fifty. US delegation would favor further proviso for election one additional justice by other justices union court or for

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<sup>1</sup> Telegram 224, May 27, p. 186.

<sup>2</sup> Telegram 332, p. 152.

<sup>3</sup> Telegram 333, p. 153.

<sup>4</sup> Telegram 442, May 29, p. 196.



appeal to international court or other neutral body in case of divided court.

US delegation assumes Department sees US economic interests Indonesia as three fold: (a) earliest restoration islands to stability and full production; (b) maximum reasonable protection Netherlands economic stake Indonesia in interest sound recovery Holland and western Europe and (c) protection established US interests plus assurance future equality opportunity for USI [US] investors and enterprise.

US delegation believes these interests not irreconcilable.

US delegation sees no hope substantial economic rehabilitation Indonesia except within framework settlement satisfactory nationalist aspiration. (This connection see Gocus 228 and weekly report USAOGJA period May 24 to 31.<sup>5</sup>)

As regard Netherlands economic stake, US delegation tentatively suggests following principles governing Netherlands-Indonesian economic relations be incorporated union statute:

1. Netherlands nationals and corporate bodies to be granted national treatment as regards legal status (except land ownership which traditionally reserved natives any case), internal taxes and export duties, such guarantee to extend 20 years.

2. USI to assume full pre-war debts of NEI, internal and external, and proportion post-war debt to be negotiated.

3. USI to honor all existing NEI contracts and obligations for full terms. (Djuanda has given private assurance Republic would not object extending time period estate and other lease holds to compensate interruption operations since 1942.) Contracts upon expiration to be renewable by negotiation with USI. In cases where impossible fulfill existing contracts, USI to guarantee full indemnification holders contracts and owners physical assets.

4. Exchange rate Netherlands and USI currencies to be changed only after consultation and agreement on rate at which existing obligations to be discharged.

5. Right Netherlands nationals to remit foreign exchange to be recognized subject right USI in special circumstances to safeguard its exchange position by temporary measures.

6. USI to join ITO, Monetary Fund and International Bank.

US delegation suggests Department also consider desirability preferential tariffs for certain Netherlands products for specified period and within limitations ITO charter.

As regards direct US interests, foregoing guarantees would not of course preclude US seeking similar rights. Principle 3 above would by implication define and guarantee rights all foreign concessionaires including Americans.

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<sup>5</sup> None printed.

Following considerations, moreover, bear on future US position Indonesia: (1) Objectionable Dutch pre-war monopoly practices made possible almost wholly by Netherlands political control Indonesia. When this basis withdrawn, door potentially fully open for US business. Principles suggested above would not in themselves restrict American investors. (2) As chief source capital funds, the US is only nation in position provide adequate assistance in reconstruction and development Indonesia during early years USI. (3) USI leadership will undoubtedly seek counterweight to initially predominant Dutch economic interests Indonesia; private American capital is only logical contender. (4) Republic leaders, who greatly impressed all aspects US industrial prowess, express intention looking to US for technical assistance, technical training and higher education, especially in professional fields. (It impossible overstate interest of educated Indonesians in close cultural relations with English speaking nations, particularly US. Pertinent example is beginning already made towards making English second language to the Dutch in Republic schools.) (5) US political prestige in Indonesia will soar on strength political settlement satisfactory to nationalists sentiment.

While Netherlands-Republic agreement cannot itself assure US equality opportunity Indonesia, we feel above considerations hold out good prospect favorable economic agreements US with future USI. Also, though no absolute assurance can be obtained against unwise actions future USI government, this risk, inherent with any sovereign power, will be lessened by dependence USI on US for capital and technical assistance. In opinion US delegation, restrictions on USI sovereignty, as envisaged by Netherlands delegation, can only react against prospects western orientation of USI and will lead eventually to complete dislodgement Netherlands interests at least. In our opinion, moreover, Netherlands delegation approach to sovereignty issue conditioned as much by fear of opening Indonesia to free competition other foreign enterprises as by fear of Indonesian measures against Dutch economic interests.

US delegation would appreciate Department's views above suggestions and analysis soonest.

Regarding second paragraph Usgoc 101, US delegation intention is that political agreement incorporates specific agreements on steps to be taken to carry out complete program for formation use. Regarding third paragraph, political agreement as contemplated by GOC would also include specific provision for method delineation states. However, actual delineation states by technical commission would follow political agreement. Should parties accept procedure for formation provisional federal government and USI outlined Gocus 292,<sup>6</sup> we con-

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<sup>6</sup> Telegram 459, June 1, p. 203.

fidient delineation states would present no problem. Critchley believes Republic would accept former provinces and analogous administrative areas as states.

US delegation now drafting procedure outlined Gocus 292 with intention drafting proposal for principles of union statutes soonest thereafter, such principles to include preservation legitimate Netherlands economic and military interests USI. Subject acceptance by GOC, believe our suggestions should go to parties as working papers under covering letter stating that while proposals to be considered informal this stage, GOC would have to reserve right include working papers together with comments parties in report to SC should it become evident to GOC that parties could not agree on its proposals or any other basis for political settlement and that GOC must hence report failure to SC and ask instructions. Should Belgian delegation object both proposals and this form presentation we would, subject Department approval, present proposals this manner anyway if only as joint US delegation-Australian delegation contribution.

Department pass Hague.<sup>7</sup>

LIVENGOOD

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<sup>7</sup> This was done on June 4.

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501.BC Indonesia/6-248 : Telegram

*The Secretary of State to the Consulate General at Batavia*

SECRET

WASHINGTON, June 5, 1948—1 p. m.

244. Usgoc 104. Neth Emb Wash informed Dept June 2 that it has been informed by Hague that Neth Govt not now considering military action Indonesia. Accordingly, Dept does not share Repub's apprehension as set forth Gocus 295 June 2.

Usgoc 102, May 31 stated that there were two points relative to USSR-Repub consular exchange which were of ultimate concern to Neth: (a) that Repub state that it accept restrictions Prin 1 *Renville* agreements on its right to conduct foreign relations, and (b) that Repub undertake not to extend farther the scope of its foreign relations. Dept hopes that Neth can be satisfied by Hatta's assurances, para 3, Gocus 295, on second point. Does Hatta consider press release of May 29 responsive reply to point (a) and if so, has this been made clear to Neth so that Roem's statement May 28 is wiped out thereby?

While Dept had hoped that Repub would go farther toward meeting Neth request (points (a) and (b) foregoing), it accepts USGOC's view that as practical matter, Repub can make no further concessions. Dept has already told Neth Emb Wash that, whatever reply from



Repub on USSR-Repub consular exchange may be, it sincerely hopes Neth will not suspend negotiations, pointing out that Dept can see no conceivable advantage accruing to Neth from such suspension.

In view foregoing, Dept considers unnecessary to make further representation to Neth Amb as urged penultimate para Gocus 295.

Sent Batavia as 244, rptd The Hague as 223.

MARSHALL

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501.BC Indonesia/6-548 : Telegram

*The Secretary of State to the Consulate General at Batavia*<sup>1</sup>

TOP SECRET

WASHINGTON, June 5, 1948—4 p. m.

US URGENT

245. Dutch Amb called at his request on Under Sec Jun 5. He stated he and his Govt were greatly disturbed by reports from Batavia indicating existence of friction between DuBois, Vredenburg. Van Kleffens expressing high regard DuBois and Vredenburg stated he on his own initiative dispatched tel to Vredenburg pointing out absolute necessity maintaining cordial personal relationship with DuBois and suggesting greater restraint Vredenburg's manner in negotiations. Under Sec commenting on fact that DuBois originally sympathetic to Neth position said evidence of friction between DuBois and Vredenburg had come as unpleasant surprise to Dept which was occasioned great concern thereby. Under Sec then conveyed to van Kleffens substance Gocus 294<sup>2</sup> stating van Kleffens must regard info for background only not to be passed on to anyone at Hague or Batavia and not to indicate to anyone that such tel had been dispatched by DuBois to Dept.

During ensuing conversation van Kleffens stated categorically and as Amb Neth Govt Hague (a) that Neth Govt determined to reach agreement with Repub in present negotiations such agreement to be based squarely on *Renville* principles; that Vredenburg could not therefore intend suspend negotiations nor could he conceivably fail to share Neth Govt's desire to reach agreement; that Repub deliberately circulating rumors to effect Neth does not want to reach agreement and is planning police action because Repub has no desire to reach agreement present negotiations and wishes to saddle Neth with blame; (b) that Neth Govt plans no milit action (which action van Kleffens characterized as obvious foolishness) and (c) that Bandoeng conference purely consultative in character planned by non-Repub states not by Dutch and in no way calculated to hypothecate course or objective of present negotiations before GOC. Above points

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<sup>1</sup> Repeated in telegram 225, June 7, noon, to The Hague.

<sup>2</sup> Telegram 461, June 1, not printed.

elicited by questions from Dept officers who suggested urgent necessity Vredenburg making similar points equally clear to GOC and to DuBois in particular. Van Kleffens replied he would request Hague so to instruct Vredenburg.

Van Kleffens then dilated on fact Neths record before GOC since signing *Renville* agreement demonstrates Neth good faith and Repub's essential unwillingness to reach agreement. As evidence of Repub's bad faith USSR-Repub consular exchange cited; as evidence of Dutch desire to be reasonable copy of *aide-mémoire* Jun 3 handed Under Sec. Van Kleffens then handed Under Sec copy of Aneta interview with Soedirman Soerakarta Jun 4 in which Soedirman announced general mobilization TNI "to withstand Neth aggression" and suggesting possibility "Republican Army taking matters into its own hands".

Van Kleffens asked on instructions that Dept make clear to Repub that it determined agreement be reached on *Renville* principles and that such required strict compliance principle one providing Neth sovereignty NEI. Questions from Dept officers elicited from van Kleffens clear indication that Neth prepared to compromise on foreign representation now abroad and demobilization TNI if convinced that Repub acting in good faith. Van Kleffens stated in his opinion nothing as effective in connection suggested *démarche* as Dept announcement that it had removed from Eximbank loan project condition that Repub must join interim govt. Van Kleffens was informed that Dept has already taken steps to end that bank make loan to present govt NEI with no conditions attached but since bank's willingness to extend loan not yet certain no announcement Dept policy this respect should be made at this time.

As result conversation it is clear to van Kleffens that Dept expects immediate improvement attitude and behavior Vredenburg. . . .

Gocus 297<sup>3</sup> just received. Tels on proposals Gocus 275<sup>4</sup> and 292<sup>5</sup> now in preparation. Please await these replies before presenting proposal to parties.

MARSHALL

<sup>3</sup> Telegram 466, June 3, p. 210.

<sup>4</sup> Telegram 418, May 21, p. 178.

<sup>5</sup> Telegram 459, June 1, p. 203.

501.BC Indonesia/6-548 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

CONFIDENTIAL

THE HAGUE, June 5, 1948—4 p. m.

342. Boon, chief political affairs Netherlands Foreign Office, yesterday called in Bonsal and told him that fact representatives aware Aus-

tralians and Americans in GOC working on compromise proposal (see final paragraph Gocus 295<sup>1</sup>) covering whole range problems has had result Republic has gotten idea now is time to become exceedingly difficult. Rumors on subject have appeared in press here. Bonsal verified that Boon fully aware both possibility such proposal and broad outline already repeatedly discussed with Vredenburg and Riphagen.

However, Boon said that communication proposed plan to represent[atives?] "upsets apple cart to large extent" and cuts ground from under subcommittees which have achieved certain results. He went on to say that Dutch so far really know little about compromise proposal, that it will be difficult for Dutch to go back on plan already agreed upon and reflected in *Renville* Agreement. He again said that method of handling present proposal had given advantage to Republic which becoming more difficult. He said that he had hoped that Department would examine Dutch proposals and express definite views thereon before permitting fresh entirely different proposal to be made.

Boon said that Dutch Government's problem with Dutch public opinion especially in view forthcoming elections should not be underestimated (see Embtel 325 of June 1). He said that Dutch Government looks to us for guidance and support under present circumstances but he said fact that Dutch speedily accepted *Renville* proposals should not lead to belief that Dutch Government would find it possible similarly to accept any new proposal at this time. He evidently hoped that before placing Dutch Government in position of having to make decision Department would make possible full exploratory discussion of entire situation both in NEI and also in Washington.

Boon and Bonsal agreed that crux of matter is divergence between views of GOCUS re Republic as expressed to Netherlands delegation and those held by Netherlands delegation, Netherlands Government and bulk of Netherlands public opinion.

In this connection entire Dutch press from Right to Left except Communist supports thesis that USSR-Republican deal is crass violation Republic's obligations and insists on satisfactory explanation. It would be difficult to find anyone here in agreement with Dubois (Gocus 285<sup>2</sup>) that Republic has done all that it should or can do at this point. However, Boon insists that Netherlands Government wishes to relegate this question to background (see Embtel 337, June 4<sup>3</sup>).

Boon also referred to conversation between Dubois, Vredenburg, Neher on June 2 in which Dubois severely criticized Netherlands policy to date, stating that interim sovereignty question secondary as sover-

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<sup>1</sup> Telegram 462, June 2, p. 207.

<sup>2</sup> Telegram 441, May 29, p. 193.

<sup>3</sup> Not printed.



eign USI to be created within year, that Dutch could not ask dissolution Republic army and that Dutch working papers generally not realistic. Boon commented that Dutch public opinion which is very tenacious adheres to *Renville* principles and that GOC wishes to modify those principles largely because Republic refuses to implement them. He raised question of Dutch position vis-à-vis non-Republican Indos. He was also critical of alleged Dubois remark that Republicans only accepted *Renville* principles because Dutch were ready to move on Djocja and of apparent allegation that Dutch still threaten police action.

Boon remarked that he seriously studying possibility government's making statement which would allay unfounded though actively promoted fears (for example Hatta and Soedirman interviews) that Dutch planning renewed police action. He said that Dutch troops in Indo had actually been reduced and he pointed out alleged general mobilization order on Republicans side. He said that it was difficult for Dutch Government, under circumstances being created by Republic, to bind itself under no circumstances to use Dutch Army but that his thinking was along lines of announcement that during definite period no action contemplated. However, he stressed that all this was still under consideration.

In discussing non-Republican Indo movements, Boon said fact Dutch had not interfered in election Republican president in Pasoendan should demonstrate Dutch interest in expression popular will. He said there are other similar instances.

Boon referred to previous conversation with Bonsal in which question of blockade, medical supplies and general economic conditions in Republic had been touched upon. He indicated that he realized importance these aspects and said proposal in preparation. However, he blamed Republic for existence deplorable conditions their territory and stated Dutch blockade applied only to estate produce and stocks to which Republic had no title, adding that native producer is being grossly swindled by middlemen (Republican officials and others). Boon stressed favorable impression economic developments non-Republican areas.

Embassy has noted with regret GOCUS reports Vredenburg's tactlessness and lack self-control. However, both Dept and GOCUS undoubtedly understand that position Dutch Govt depends on fundamental factors including attitude political parties here and their democratically elected representatives. Idea that there is in fact a non-Republican Indo federalist movement which deserves at least as much if not more consideration than [than] Republic deeply rooted in Dutch thinking. While GOCUS recent proposals undoubtedly have great

merit they will require careful study both in Batavia and Hague especially as they introduce profound edification [*modification*] during interim period of Dutch conception Linggadjati and *Renville* Agreements.

Before definitive proposals are made, might it not perhaps be helpful to have consultation in Dept with representatives GOCUS and this Embassy present? Embassy agree with GOCUS that this will be our last chance to get favorable settlement through agreement of parties and our proposal should contemplate all pertinent factors.<sup>4</sup>

Dept pass Batavia.<sup>5</sup>

BARUCH

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<sup>4</sup> In telegram 247, June 8, 6 p. m., to Batavia, "Eyes alone duBois from Butterworth", the latter stated: "For some time I have imagined that you might like to have a brief visit home and now that suggestion has been put forward in last para Hague's 342, June 5, Hickerson and I would like to have your reaction thereto. We could instruct Bonsal to fly here for consultation with you." It was added that during the possible absence of the chief Netherlands and U.S. delegates, GOC negotiations would not be pressed. (501.BC Indonesia/8-548) .

<sup>5</sup> This was done on June 6.

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501.BC Indonesia/6-548

*The United States Representative, Committee of Good Offices  
(duBois) to the Secretary of State*

RESTRICTED

KALIURANG, JAVA, June 5, 1948.

[Received June 22.]

SIR: I have the honor to submit a draft of a suggestion for the outline of a political agreement between the Kingdom of the Netherlands and the Republic of Indonesia which the United States Delegation yesterday presented to the Australian and Belgian Delegations in the hope that a working paper by the Committee of Good Offices can be agreed upon on the basis of this draft and presented to the parties.

Respectfully yours,

COERT DU BOIS

[Enclosure]

*Draft by the United States Representative (duBois) to the  
Australian Representative (Crichtley) on June 4*

RESTRICTED

(Letter to be addressed to the Chairman of the Netherlands Delegation and the Chairman of the Delegation of the Republic of Indonesia)

SIR: We have the honor to submit a working paper by the Committee of Good Offices on an outline for a political agreement between

the Government of the Kingdom of the Netherlands and the Government of the Republic of Indonesia.

The Committee, having for some time had the impression that negotiations toward such an agreement have been approaching a standstill and that, nearly five months after the signing of the *Renville* Agreement, the basic issues that divide the parties are still unresolved, has discussed within itself the difficulties that appear to stand in the way of a successful conclusion of the negotiations and the manner in which the Committee might be of assistance in this situation.

The enclosed working paper, which has arisen from these discussions, is to be regarded as a tentative suggestion subject to revision on the basis of questions or objections which may be raised by the parties. The Committee believes that only by coming forward with such suggestions when the resources of direct negotiations between the parties appear to be nearing exhaustion can it acquit itself of its obligations. It regards the present working paper as entirely informal in character. If the proposals are not found acceptable by the parties, the paper will receive no distribution, unless, of course, the parties are unable to conclude a political agreement on the basis of the Committee's proposals or on any other basis, in which case the Committee would feel itself at liberty to include the working paper, with such revisions as the Committee considers called for in the light of the comments of the parties, in a final report to the Security Council setting forth the circumstances of the Committee's failure.

We have [etc.]

(To be signed by the three representatives)

[Subenclosure]

#### PROPOSED WORKING PAPER BY THE COMMITTEE OF GOOD OFFICES ON AN OUTLINE OF A POLITICAL SETTLEMENT

This paper offers suggestions for the principles of a political agreement between the Government of the Kingdom of the Netherlands and the Government of the Republic of Indonesia which would provide the basis for the formation of a sovereign United States of Indonesia in an equal partnership with the Kingdom of the Netherlands in a Netherlands-Indonesian Union. The Committee of Good Offices believes that the principles as set forth below will safeguard and reconcile the proper and essential interests of the two parties as these have been clarified in the current negotiations between their delegations.

The Committee has come to the conclusion that the main issues between the parties involve the following:



1. The extent of the Republic's representation in the Provisional Federal Government, which will constitute the Government of Indonesia prior to the transfer of sovereignty by the Kingdom of the Netherlands.

2. The powers to be transferred to the Provisional Federal Government (in the sense that this will be a government by Indonesian representatives) by the Kingdom of the Netherlands.

3. The powers to be transferred to the Provisional Federal Government by the Republic of Indonesia.

4. The powers and functions to be reserved to the Netherlands-Indonesian Union in the Statute of the Union as against those to be exercised by the United States of Indonesia as a member nation.

The Committee believes that the parties' differing positions on these issues may be resolved in accordance with the letter and spirit of the principles accepted by the parties on board the *Renville*.

With regard to the problems pertaining to the interim period (the period prior to the transfer of sovereignty by the Netherlands), the Committee is of the view that the key to a solution may be found in the second of the Six Additional Principles, which states that "in any provisional federal government created prior to the ratification of the constitution of the future United States of Indonesia, all states will be offered fair representation." This principle may be taken as grounds for maintaining that a provisional federal government cannot be created until the states have been delineated and formed.

The Committee, however, believes that this principle need not be interpreted so as to delay the creation of a provisional federal government until the final delineation and formation of the component states of the United States of Indonesia. At the same time, it is clear that the representation of the Republic, as one of the states in the future United States of Indonesia, must be based upon the extent of the Republic if such representation is to be fair; that is, proportional to the representation accorded the other states on a logical basis. The present geographical extent of the Republic is defined solely by the location of the demilitarized zones, which were established purely as a means of making possible a military truce between the parties. The establishment of these zones, according to Article 3 of the Truce agreement, "in no way prejudices the rights, claims or positions of the parties under the resolutions of the Security Council of 1, 25 and 26 August and 1 November 1947." In short, the area which the Republic properly represents is yet to be determined. The area at present under the control of the Republic contains, according to the Committee's information, about two-fifths of the population of Indonesia. The islands of Java, Madura and Sumatra contain about four-fifths of the population of Indonesia. According to the fourth of the Six Additional Principles,

the states in Java, Madura and Sumatra will be delineated in accordance with a plebiscite or with another method for ascertaining the will of the populations upon which the parties may agree. Should the populations of these islands so elect, all may be incorporated in the Republic. (In this connection, the Committee should point out that in its view nothing in the *Renville* principles precludes the Republic from subdividing into a number of states in the interests of a balanced Indonesian federation, and that this subdivision could be effected either on the basis of the territories it now controls or of the territories that it may come to control when the populations have had an opportunity to express their will in accordance with the fourth of the Six Additional Principles. Insofar as an agreement with the Netherlands is concerned, the Government of the Republic, as conceived by the Committee, represents all the territories of Java, Madura and Sumatra of which the populations may, when the time comes, demonstrate through democratic procedure their desire to be incorporated in the Republic, irrespective of whether these territories be ultimately included in a single Republican state or be divided with the consent of the Republic into a number of states.)

The fundamental question is whether it is possible to create a Provisional Federal Government in which all the states, including those which at the time of the formation of this Government have not yet come into existence, may be fairly represented. The Committee believes that there is a solution to this problem and proposes that the following principles, which it believes contain such a solution, be accepted by the parties:

1. Upon the agreement of the parties to the following principles, the Netherlands to undertake as soon as possible to obtain the agreement of the representatives of the areas outside Java, Madura and Sumatra to the procedure envisaged in the principles in order that it may apply to the entire territory of the future United States of Indonesia.

2. Immediately upon the signing of the political agreement, the parties to set up a Joint Commission of technical experts which would have the task of studying the problem of the future administration of Indonesia from an objective, non-political point of view and of recommending the delineation of the future states, taking account of all relevant considerations but particularly the necessity for an efficient system of administration.

3. The Constituent Assembly (see below) to be empowered to delineate the states of the United States of Indonesia but to be bound to accept the plan put forward by the technical experts in the Joint Commission, unless a proposal for a change in any of the boundaries delineated by the Commission should receive the support of the majority of the delegates to the Constituent Assembly and the majority of the delegates elected from the territories of the states directly affected by the proposed change.



4. Elections for the Constituent Assembly to be held as soon as practicable after the signing of the political agreement but the Assembly not to be convened before agreement is reached in the Joint Commission of technical experts.

5. The provisions for free and uncoerced discussion of vital issues accepted by the parties on board the *Renville* to apply in the period preceding the election, and persons charged with abusing the freedom of speech, assembly and publication as assured under the *Renville* principles to be tried without delay.

6. The Regencies in Java and the equivalent administrative areas in other parts of Indonesia to constitute electoral districts for the Constituent Assembly. Where a Regency or equivalent area is divided by the *status quo* line, the two portions to constitute separate electoral districts.

7. The number of delegates to the Constituent Assembly from each electoral district to be in proportion to the population of the district (perhaps one delegate for each 300,000 inhabitants).

8. An elector (or electors) to be elected by each *desa* and by the lowest administrative subdivision of each municipality within the Regency or equivalent administrative area. The electors so elected to convene at the seat of the Regency (or other area) government and there elect delegates to the Constituent Assembly.

9. Secrecy of the ballot to be assured at both stages, at the primary level by a method of voting suitable to a partially illiterate electorate.

10. The Committee of Good Offices to place itself at the disposal of the parties for observation of the election in accordance with the fourth of the Six Additional Principles.

11. The Constituent Assembly to convene and to have the status both of a Constituent Assembly and of a Provisional Parliament.

12. The Provisional Parliament to form the Provisional Federal Government by electing a President, the President in turn to appoint a Prime Minister who will select a cabinet. (The Parliament, however, to be free to form the Provisional Federal Government in any other democratic manner should it desire.)

13. The Constituent Assembly to approve the delineations of states recommended by the Joint Commission of technical experts subject to any changes made in accordance with paragraph 3 above, the delegates in the Constituent Assembly from the electoral districts included within the boundaries of the states as delineated to be considered thereafter as the representatives of these states in the Constituent Assembly Provisional Parliament. (The question arises as to what would take place should a number of states be represented in the Assembly by delegations of which the majority of members are adherents of the Republic. Obviously the delegations would have the option of voting to combine their states in a single Republic of Indonesia which, subject to the approval of the majority of the Assembly as a whole, would as such become one of the component states of the United States of Indonesia. The Republic of Indonesia, in these circumstances, could be so enormous in population by comparison with the other states as to throw the federation completely out of balance and render it virtually unworkable and meaningless. Since the Government of the Republic has, however, subscribed to the principle of a federated Indonesia, the



Committee assumes that it would not wish to vitiate completely, in this manner, the planning of the Joint Commission of technical experts and that, instead of combining, the states which have elected Republican adherents to represent them in the Constituent Assembly would choose to consider themselves "Republican" states. However, with the progress toward a sovereign Indonesia as far advanced as it will be at this stage, the Committee anticipates that the concept of the Republic will have become merged with the concept of the United States of Indonesia.)

14. The representatives of each state in the Provisional Parliament to elect a provisional state government, the provisional state governments to prepare for the election of duly constituted state governments.

The Committee has certain observations to make in connection with these principles, as follows:

[Here follow observations in connection with the above principles, viz., time of elections for the Constituent Assembly, feasibility of elections, pre-election period, and division of powers in the pre-federal period, and thereafter further comment on the above observations, viz., drafting of the Union Statute, ratification of the constitution, the Union Statute, general, economic and financial principles, military, and recapitulation.]

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501.BC Indonesia/6-648 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, June 6, 1948—8 a. m.

467. Gocus No. 298. 1. Dubois June 2 had frank talk with Vredenburg, expressing total lack sympathy Vredenburg's tactics. Vredenburg vigorously opposed any GOC suggestion for political agreement and departed stating Dubois would be responsible ensuing "massacre of millions". Connection not clear.

2. Neher and Vredenburg June 3 handed Hatta *aide-mémoire*, stating gravity situation and rendered "more explicit" by agreement representatives USSR and Republic, that Netherlands of opinion continuation discussions on basis 18 *Renville* principles can be successful only if identical conceptions exist on part Netherlands and Republic with regard means and consequences Netherlands sovereignty throughout Netherlands Indies and that Netherlands expects Republic disavow activities Suripno by making public its decision agreement deemed not to have been concluded as far as Republic concerned.

3. Vredenburg immediately following meeting with GOC discussed *aide-mémoire*, stating he had made clear Republic had ample time consider this serious decision. He assured GOC Netherlands intended only issue press statement saying message delivered Hatta

concerned manner in which, according Netherlands, negotiations could best be continued. He emphasized necessity calm and restraint, on part GOC also.

4. Notwithstanding Vredenburg, Aneta June 4 gave leading place Reuters dispatch quoting "authoritat[iv]e" source Hague for state-ment negotiations threatened with breakdown if Republic fails give early satisfactory reply "two clear cut questions" (for example, consular exchange with USSR and when and where plebiscite to be held. USDel unable guess how latter question got involved). Article states "although it premature talk of actual breakdown negotiations, there seems be growing feeling here that situation becoming acute". While perfectly calculated increases strain on truce, article observed truce agreements would not be affected by breakdown negotiations.

5. Leimena and Colonel Simatupang inform us public opinion in Republic now considers resumption police action only question time and that Batavia full rumors date will be July 4 or 6, which they insist traceable NEFIS. Asked how rumors could be combatted and strain eased, Simatupang said announcement reduction Dutch troop strength would be major help. He said Dutch officers had told him Netherlands Army could round up 1000 top Republic leaders in year and thus end Republic movement. Simatupang thought "experiment would be interesting watch".

6. Powerful FDR (coalition leftist Republic parties) in statement probably calculated primarily embarrass Right wing government rather than express FDR real attitude toward USSR, terms Soviet Russia pioneer in struggle against imperialism and state which aims at everlasting and democratic peace and hails Suripno's work, achieving recognition by great and powerful industrial state with which opportunity now exists open commercial relations, as diplomatic victory for Republic. Rejection this victory represents capitulation Republic Government to Dutch imperialism. Statement contends Republic foreign relations justified by GOC January 17 statement clarifying *Renville* Agreement which gives GOC understanding that parties acceptance 6 principles can in no way change or modify status parties (Graham telegram 101<sup>1</sup>). (Roem takes same position. Little doubt GOC in making statement, without which Republic would probably not have signed truce, helped prepare ground for present mess.)

7. On basis wide contacts, Brackman reports average Indos deeply worried by Soviet recognition. Soviet involvement has postponed cabinet reshuffle.

8. General Sudirman reported calling for immediate mobilization to oppose imminent Dutch aggression. In violent speech he stated that

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<sup>1</sup> Not printed.



while TNI would join Indo Army under Indo leaders it will fight before submitting disbandment. Republic Minister Information quotes Hatta as saying speech reflects fears all people Republic but that Republic was reducing army strength and would continue do so.

9. Dubois will see Hatta June 6 at latter's request and help if possible draft statement satisfying demands Netherlands *aide-mémoire* but not putting Hatta in impossible position. While unimpressed quality Masjumi leadership, USDel believes any weakening present Masjumi-Nationalist group, including Hatta, would be disadvantageous US interests, particularly while Socialists leagued with Communists in FDR. Conversely, strengthening US prestige will probably benefit Masjumi-Nationalist coalition. Dutch appear totally uninterested effect their actions on Republic political complex.

10. Regardless merits Dutch case respect USSR recognition, USDel suspects Netherlands may long have planned breakdown negotiations by forcing Republic unequivocally accept or reject full implementation Netherlands sovereignty. Technique of forcing choice alternatives on Republic, either of which likely prove fatal, was tried by Dutch in presentation truce ultimatum last January and would have worked had interposition 6 additional principles not enabled Republic swallow truce. Herremans, while believing Dutch do not intend police action, considers Dutch plan is force breakdown negotiations and quickly report back to SC, charging Republic non-compliance *Renville* Agreement with prospect having case dropped.

11. Stuyt June 5 delivered letter from Van Mook stating his government attaches greatest importance discussions with Republic and that he trusts GOC will appreciate greatest reserve and restraint should be shown by all concerned to avoid prejudicing negotiations. Letter encloses copy letter to Hatta expressing concern over divergence Netherlands and Republic views and inviting Hatta and advisers visit him informally Batavia June 14 in order discuss with him and royal commissioners foreign relations, defense and internal security, delineation and formation states, interim government, and main points union. Move appears clearly designed forestall presentation GOC suggestion for political agreement.

12. In talk Stuyt we covered whole ground our serious misgivings respect Netherlands objectives and tactics and great alarm at growing tension Republic. Stuyt reaction one of pained bewilderment, stating Netherlands intention was solely to transfer sovereignty to orderly government with no thought exercising continued political control USI, that Republic fears were derived thin air, that Netherlands forces were in fact being reduced and members Netherlands delegation wished publish fact but NEI authorities refused owing panic



likely be occasioned among non-Republic Indos. Stuyt stated Netherlands will deny Reuters story on note to Republic (paragraph 4 above).

13. USDel has completed 20 page draft suggestion for outline political settlement and submitted it AusDel and BelDel in hope GOC early agreement possible. Text being airmailed Department.<sup>2</sup>

Department pass Hague.<sup>3</sup>

LIVENGOOD

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<sup>2</sup> Despatch dated June 5, *supra*.

<sup>3</sup> This was done on June 7.

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501.BC Indonesia/6-748: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET      US URGENT  
NIACT

BATAVIA, June 7, 1948—3 p. m.

477. Gocus 300. ReDeptel 245, June 5, to Consulate General, just received. My criticism Vredenburg, with whom my personal relations unimpaired, based entirely his views and principles regarding essential problems and his method dealing with Republican Delegation. Personal equation is not a factor in my appraisal situation or in course recommended by US Delegation.

We convinced future task must follow one of two courses:

1. Creation USI according US Delegation plan (Gocus Numbers 275, 292 and 297<sup>1</sup>), of which essentials are: (a) earliest convening of Constituent Assembly on basis Indonesia-wide internationally observed elections. (b) Constituent Assembly to act as Provisional Parliament and form provisional government. (c) Full powers internal self-government to be transferred provisional government by Netherlands and Republic to transfer to provisional government all federal functions it now exercises. (d) Constituent Assembly to draft and ratify constitution and ratify Union statute (USI incorporated Netherlands-Republic political agreement) assuring full cooperation and concert of policies Netherlands and USI and full protection Netherlands economic interests so far as consonant full sovereignty both nations. (e) USI then to be regarded formed as sovereign state.

2. Creation USI according Netherlands plan, of which essentials: (a) insistence on demands on political agreement which would reinstitute full authority NEI Government over all Indonesia and be followed by employment Dutch forces for suppression all dissident elements and, partly through provisions indicated Union statute and partly through elimination Republican political force by above means, give Netherlands opportunity control USI politically. In event Re-

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<sup>1</sup> Telegrams 418, May 21, p. 178; 459, June 1, p. 203; and 466, June 3, p. 210. For text of delegation's plan, see draft by the US Representative, p. 218.

public refusal accept demands, alternative would be: (b) reporting of Indonesian dispute back to SC, basing case for dropping it from agenda on grounds Republican non-compliance to *Renville* principles. Formation USI out of puppet states on basis Bandung conference without Republic. Continuation economic stranglehold on Republic, already long employed as political weapon, in effort undermine popular support Republican Government. Military mop-up of Republic as truce crumbles either from political strains or through action Republican elements seeking in desperation break economic stranglehold.

Between alternatives 1 and 2 US Delegation considers no real compromise possible. Powers of government cannot in last analysis be divided. Regardless questions sovereignty, actual Government Indonesia must be in hands Dutch or Indonesians. At present, Dutch govern three-fifths Indonesia, Indonesians two-fifths. Republic will recognize Netherlands sovereignty interim period but will not surrender powers self-government it has exercised almost three years except to true Indonesian Government which really governs and in which it has fair representation, and frankly we do not see why it should.

We convinced Netherlands plan based dangerous misconception true state Indonesian feeling and that arguments advanced are in part consciously misleading and in part result autointoxication.

Van Kleffens statements that Bandung conference planned by non-Republicans and not by Dutch would be dismissed as nonsense by any neutral observer here.<sup>2</sup> His statement that it is purely consultative in character is quite at variance with statements chairman Netherlands Delegation cited Gocus 283<sup>3</sup> and statement NEI Government Information Service that "whatever will be place Republic on January 1, 1949 is matter that does not even need discussion here. Matter of greatest importance is that which Federalists are to set up in Bandung." Fact is, non-Republican Indonesians are element minor importance Indonesian situation. After nearly three years Netherlands promises, Netherlands military successes, Netherlands distribution of commodities, and increasing physical hardships Republican areas (now becoming cruel as result blockade), Dutch have not yet succeeded attracting single one cleared [*clearly?*] of consequence to their side or prompting one demonstration popular enthusiasm for their cause.

We convinced if Netherlands plan pushed, attainment economic and political stability Indonesia will be postponed until time when Indonesians able throw Dutch out of islands, either because economic drain on Dutch arising chronic disorders and destruction productive facilities becomes unsupportable or because western powers will be involved

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<sup>2</sup> For GOC report on the Bandung conference to the Security Council, June 4, see SC, *3rd yr., Suppl.* (June), p. 91.

<sup>3</sup> Telegram 439, May 28, p. 189.

with powerful enemy giving Indonesians chance successful revolt under aegis that enemy. We believe there strong chance that if Netherlands allowed carry through its plan, Holland will prove sink without stopper so far as US economic and financial assistance concerned.

Other hand, US Delegation believes wholehearted acceptance its plan by Dutch would result speedy formation self-respect, orderly and by no means incompetent Indonesian Government strongly disposed cooperate with Dutch and rely heavily Dutch assistance. We further believe USI formed under these conditions would tend exert strong pro-western influence throughout Southeast Asia and represent vitally important achievement eastern powers in giving lie to Communist propaganda throughout Far East. Chill reception accorded Soviet recognition by Republican Government gives west an opportunity we would make grave error to reject.

Conversely, if US Delegation plan dropped, we convinced US prestige Southeast Asia will plumb new low in case events certain develop here.

Opportunity that now offers will not recur. Moreover, time running short and we believe every day counts. Dutch efforts take dispute out of hands GOC by arranging direct meetings Netherlands Delegation and Republican Delegation under Van Mook and Hatta respectively has been checkmated for moment (see following telegram <sup>4</sup>). Further Dutch efforts stave off presentation US Delegation plan at all costs and ease GOC out of dispute should GOC continue show signs of life are certain and we not sure we shall have means combat them.

US Delegation has already presented its plan to Australian Delegation and Belgian Delegation and arranged discuss plan in detail tonight having already convinced Herremans, in face his initial strong opposition, of necessity GOC plan if situation to be saved and UN not to suffer damaging blow. US Delegation has construed Usgoc 101, May 27 as expressing favorable impression essentials US Delegation plan set forth Gocus 275, and accordingly has taken position in GOC and in informal talks parties from which withdrawal might well critically impair position both US Delegation and GOC.

Unless Department can subscribe essentials US Delegation plan, on which compromise would render whole plan worthless, I believe my usefulness and that of the US Delegation here will be completely nullified. Therefore Department should give earliest consideration to means extricating GOC from Indonesia. Signed Dubois.

Department pass Hague.<sup>5</sup>

LIVENGOOD

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<sup>4</sup> Gocus 301 in telegram 486, June 8, p. 232.

<sup>5</sup> This was done on June 8.



501.BC Indonesia/5-2948 : Telegram

*The Secretary of State to the Consulate General at Batavia*

SECRET

WASHINGTON, June 8, 1948—6 p. m.

250. Usgoc 105. 1. Dept has seriously considered suggestion penultimate para Gocus 286 May 29,<sup>1</sup> that USDel indicate Dept's support Repub's position set forth numbered paras 1, 2 and 3 same tel. Dept notes that with respect to 4 basic issues threatening success of negotiations listed Gocus 275, May 21, USDel at that time expressed view that Neth should drop provision giving individuals and corporations right appeal Union court. In Gocus 286, May 29, USDel expresses view that Dept should also accept and support Repub position with respect Union statute in general and USI defense.

2. Dept wishes USDel to continue to regard itself as free agent making such choices on spot as USDel believes will lead to agreement between parties and in accordance with larger interests of United States. As in previous similar circumstances, Dept offers following observations for guidance.

3. Dept considers it essential that in any settlement Neth retain a direct influence in certain specified matters in Indonesia. Such direct influence, if it be consonant with *Renville* Agreements, can be maintained only via the Union. Dept remains of opinion that Union should be voluntary association with right in each party to secede. This should not be interpreted to mean that Dept views Neth-Indo Union as temporary or ineffective; but rather that strength of Union will derive from its voluntary character as distinguished from its legal prerogative.

4. In Dept's opinion, Neth and Repub are not called upon to agree on any more than principal outlines of Union structure since, in final analysis, details of Union statute must ultimately be worked out between USI and Neth. Union statute should be formulated in mutual interests of two component partners with constitution of each subordinate to Union only in so far as it is in mutual self interest. Constitutions of both would remain "Supreme law of land" except for any powers specifically delegated to Union and expressly enumerated in Union statute. Accordingly, at outset, USI constitution and Union statute should form complementary whole, with constitution expressly granting to Union such authority as partners agree upon. Thus, by specific delegation of authority to Union organs, that which is not expressly assigned resides in partners individually and, in event of future conflict, problem of interpretation would be merely construction of what was delegated rather than problem of division of powers.

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<sup>1</sup> Telegram 442, p. 196.

Repub should understand therefore that Union statute will be controlling only in so far as express grants of power are made therein.

5. With respect to issue raised in para 2 Gocus 286, as to whether jurisdiction of Union Court should include individuals and private corporations, as Dept has previously indicated (Usgoc 101 May 27), chief purpose for such provision from our point of view, should be to provide for protection of interest of foreign nationals. We agree with you this purpose could be served in some other way (Gocus 286 and 297<sup>2</sup>). Dept wishes you to bear in mind however in your capacity as USRep rather than as member GOC that US interests, as indicated in Dept 101, are here involved in that provision should be made under judiciary system in USI for protection of interests of foreign nationals. This could be done through express provision in USI constitution.

6. Dept considers that external defense USI should be integrated through common Union defense authority and that internal defense USI should be responsibility USI. Defense against external aggression against Neth or USI should be responsibility of each partner subject to agreement for mutual defense under authority Union organ which could provide for combined command, joint bases, joint procurement, etc. Thus USI armed forces would perform functions of (1) maintaining internal security USI and component states; (2) resisting external aggression against USI and component states; (3) serving as component part of Union forces under direction Union defense authority in accordance with agreement in Union statute for mutual defense USI and Neth. Dept assumes that reference in para 3 Gocus 286 to defense of USI means defense component states from external aggression. If this assumption correct, Dept believes responsibility such defense should properly rest with Union.

7. Dept has always considered, both under Linggadjadi and under *Renville* Agreements, that arrangements for interim period were to serve 2 desirable purposes. (1) Dutch, as sovereign, were to retain sufficient governmental authority throughout NEI to permit them to regain possession of and to rehabilitate their economic interests there, as well as to provide stability requisite to resumption normal international trade which incidentally would facilitate US program for ERP. (2) Such rights, duties and responsibilities were to be conferred on provisional federal government as to enable both Repub and non-Repub leaders to acquire requisite governmental experience and to provide both with opportunity to rediscover mutual dependence through cooperation with each other prior to transfer of sovereignty. Dept believes that 7-point program set forth Gocus 275 provide suit-

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<sup>2</sup> Latter as telegram 466, June 3, p. 210.

able procedure for meeting above basic purposes of interim period. As we see it, special merit of program is that it would utilize election procedure throughout Indonesia to provide distinction between March 9 government and provisional government contemplated principle 1 of 6 additional *Renville* principles. However, crux of program will depend, of course, on substantive content of provisional government's authority. Dept does not believe Dutch will consider first of 2 purposes listed above can be met if sovereign's authority during interim period is limited to Governor General's veto as appears implicit paras II C and D Gocus 292.<sup>3</sup> Dept would therefore appreciate having from USDel soonest its view as to what specific responsibilities should be conferred on provisional government to meet both basic purposes interim period.

Sent Batavia as 250, rptd The Hague as 228.

MARSHALL

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<sup>3</sup> Telegram 459, June 1, p. 203.

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501.BC Indonesia/6-848: Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

CONFIDENTIAL

THE HAGUE, June 8, 1948—7 p. m.

349. Boon today informed Embassy that Vredenburg has been instructed to set forth at Kalioerang tomorrow Netherlands delegation position as follows:

1. Netherlands delegation desires reply to Neher-Vredenburg *aide-mémoire* re Soviet relations matter.
2. Netherlands delegation desires a reply to the invitation extended Hatta by Van Mook.
3. Netherlands delegation will wish to refer replies to above questions to Netherlands Government in order to enable it to express views. Pending receipt these views, Netherlands delegation not authorized consider suggestions from GOC.

Boon again expressed concern at unfortunate effect GOC proposal at this time and fact proposal known to Republicans who becoming increasingly difficult with resultant jeopardizing achievements so far.

Boon is concerned at report apparently from Netherlands delegation to effect Dubois has advised Republicans against accepting Van Mook's invitation to Hatta. Boon says he understood Dept favored high level direct contacts this nature.

Netherlands Government, according to Boon, will probably make declaration on Indonesian situation within next 2 or 3 days setting forth position in numbered paragraphs 1 and 2 above.



Boon stressed fact that presentation entire new proposal at this time in addition to creating negotiating difficulties already described would present Netherlands Government with most difficult constitutional problem at time when elections July 7 will be followed by formation new cabinet, probably about August 1. There is, for example, very definite limit to powers which Netherlands Government could constitutionally transfer to provisional federal government prior definitive transfer to USI. Netherlands delegation apparently preparing working paper on this topic.

Embassy trusts final decision proposals Gocus 275<sup>1</sup> and 292<sup>2</sup> will take into account Netherlands political and constitutional difficulties and will not present to Republic proposal which Netherlands Government might not be able to accept even if it wished to do so.

Department pass Batavia.<sup>3</sup>

BARUCH

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<sup>1</sup> Telegram 418, May 21, p. 178.

<sup>2</sup> Telegram 459, June 1, p. 203.

<sup>3</sup> This was done on June 9.

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501.BC Indonesia/6-848 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, June 8, 1948—8 p. m.

486. Gocus No. 301. 1. Hatta's reply to Van Mook letter inviting him and advisers Batavia (Gocus 298<sup>1</sup> paragraph 11) and to Netherlands June 3 *aide-mémoire* (paragraph 2) have been shown USDel but not yet sent.

2. Letter to Van Mook states that Hatta prepared go to Batavia any time for informal talks but he considers meeting as proposed by Van Mook would be equivalent setting up new delegations to negotiate matters now under discussion GOC auspices which he feels would handicap GOC and hinder fulfillment its task and that he believes GOC should now be given full opportunity make its "contribution to settlement dispute."

3. GOC view is that Dutch endeavoring take dispute out of GOC hands and forestall GOC suggestions by creating conditions under which presentation such suggestions could be denounced as interference with and jeopardizing of high level discussions, particularly since fact such discussions being held would give lie to GOC position that negotiations at standstill. However, negotiations are at standstill and direct Netherlands-Republic discussions planned by Van Mook

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<sup>1</sup> Telegram 467, June 6, p. 223.

promise very little. This appears to be view Hatta who is opposed Van Mook plan but hesitant send foregoing letter until assured GOC will in fact make contribution.

4. Republic reply Netherlands' *aide-mémoire* substantially as follows:

(a) If Suripno has established relations USSR, his action based general mandate by government December 1947, prior *Renville* agreement, to seek relations countries central and eastern Europe view threat Netherlands' military action. It unfortunate Suripno did not take note acceptance *Renville* principles, which in Republic standing provide for maintenance *status quo* respect under political as well as military situation of Java, Madura and Sumatra.

(b) No information available Republic showing initiative taken by Suripno, who has been recalled for consultation.

(c) Although Republic does not yet know what meant by "agreement between Soviet and Republic" it cannot any event accept Netherlands' viewpoint possibility breach of first of 6 principles. NethDel has always emphasized *Renville* principles not political agreement but merely agreed principles for basis on which such settlement to be reached. It is to reach such agreement Netherlands-Republic negotiations under auspices GOC now in progress.

(d) Until agreement reached Republic not prepared bind self take action prejudicial its interests in connection its foreign relations or any respect present negotiations. Already agreed between parties no agreement any particular subject binding until overall agreement reached.

(e) Republic nonetheless anxious avoid action which might affect atmosphere negotiations and for this reason reaffirms, as it has already informed both NethDel and GOC, there will be no extension scope its foreign relations this time.

(f) Republic trusts Netherlands will feel this explanation satisfactory. Republic prepared give publicity all or part this *aide-mémoire*.<sup>2</sup>

5. Hatta, Roem and Leimena discussed above *aide-mémoire* with USDel during its preparation. Original text would have come closer satisfying Netherlands demands (which as stated paragraph 2 Gocus 298 were considerably more drastic than indicated in Hague's 337<sup>3</sup>), but government decided there no hope getting it by left-wing opposition, and above text has yet be approved. We warned Roem that Netherlands might charge Republic in SC with failure comply *Renville* principles and advised him come closest possible satisfying Netherlands demands if only in order not undermine position GOC. We suggested he point out to left-wing groups that if GOC to be able

<sup>2</sup> In a despatch dated June 8 from Kaliurang, Mr. duBois informed the Department (which received it on June 25) of an interview by Arnold Brackman of UP with Prime Minister Hatta and commented that this "represents the most comprehensive and succinct statement of the Republican position of major issues in dispute that the U.S. Delegation has seen." (856e.01/6-848)

<sup>3</sup> Not printed.

make contribution, its position must not be weakened and that government could reconsider position in event GOC failure. We said we would inform him if and when we considered value GOC attend. (This connection, USDel believes if GOC prevented from suggesting principles for political settlement, fairness will demand we inform Republic avenue to settlement via GOC as good as closed and Republic would have no choice but come terms with Dutch or take chance last appeals.) We also pointed out we had informed our government our belief present Republic Government did not seek or welcome recognition by USSR and meant live up to its assurance not extend foreign relations, and we had every hope Republic would vindicate our confidence. We further took occasion express exceeding unfavorable view for pronouncement welcoming Republic's "diplomatic victory" (Gocus 298 paragraph 6) and suggested Roem advise left-wing parties take second look at fate nations bordering Russia before hailing Soviet as defender countries seeking independence.

6. Aneta June 7 carried statement by "authoritative source" (usually NEI information service) disregarding declarations by Republic, to effect deadlock reached and aggravation situation to be expected, particularly declaration by Mr. Sudirman and Mr. Sukarno, and citing conciliatory declarations from Netherlands side, viz., (1) speech by Van Mook opening Bandung conference, (2) communiqué following Neher and Vredenburg call on Hatta and (3) forthcoming step by Van Mook to bring unfounded excitement to end. Typed copies of above distributed at Kaliurang. Effect on Republic likely be colored by fact 3 conciliatory phenomena cited mean to Republic simply (1) preparations for USI without Republic, (2) Netherlands insistence Republic accept Netherlands concept sovereignty and (3) attempt by Van Mook by-pass GOC. Signed Dubois.

Department pass Hague.<sup>4</sup>

LIVENGOOD

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<sup>4</sup> This was done on June 10.

501.BC Indonesia/6-1148: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, June 11, 1948—10 a. m.

493. Gocus 302. 1. Regarding Dutch opposition presentation GOC suggestion political agreement as set forth Hague's 342,<sup>1</sup> following to be noted:

a. Republic's attitude has not stiffened recently on strength rumors impending GOC suggestion. No discernible difference in rigidity

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<sup>1</sup> June 5, p. 215.



either Republic's or Netherlands' positions since commencement negotiations. Dutch plan "already agreed upon" has never had chance acceptance by Republic.

b. USDel plan (Gocus 300<sup>2</sup>) will in sense upset Dutch applectart. USDel convinced however plan only way save Dutch apples, let alone American.

c. It not true presentation plan threatens cut ground from under subcommittees. Political subcommittees have reached nearly complete standstill, Republic news bulletin justified in terming past two weeks talks "farcical."

d. Statement that GOC wishes modify *Renville* principles quite unfounded. Both parties have consistently taken position principles do not constitute agreement and will not take effect until political agreement based principles reached, Republic with respect foreign relations, Dutch with respect permitting freedom speech and assembly and announcing "stated interval" after which sovereignty to be transferred. Only deviation from *Renville* principles in USDel plan is recommendation period between agreement and elections be shortened to 3 months in view unexpected length time being taken reach agreement. USDel plan is only one suggested under which vital second of 6 principles, assuring fair representation all states in Provisional Federal Government, can be implemented.

e. Allegation that USDel plan is less fair to "Federalist movement" than to Republic cannot be seriously intended by Boon if he be familiar with broad outlines plan, as he must be since plan has indeed been repeatedly discussed with Vredenburg and Riphagen.

f. While it true there wide divergence views between Netherlands and USDel respect character Republic, we believe real crux of difference is USDel conviction that no solution Indo problem possible until strength various groups, including "Federalists", assessed by expression popular opinion.

2. Boon statements contain several errors fact, including character economic blockade and some remarks attributed Dubois.

3. Very difficult believe present alarm on part Republic is feigned for political reasons, particularly view effort Republic move considerable part government to Sumatra. We believe it almost impossible gauge atmosphere Republic from distance. Republic jitters and lack hope based conviction that in long run armed resistance will be only alternative to acceptance Dutch demand that full authority NEI Government (however disguised) be reexerted over all Indonesia and is very real factor situation. With negotiations under GOC virtually terminated, every day increases pressure on moderates Republic and possibility incidents. Situation cannot possibly be kept in *status quo*.

4. These are among factors leading us make every effort get agreement GOC text our plan, which is only suggestion yet made for recon-

<sup>2</sup> Telegram 477, June 7, p. 226.

ciling differences parties, unresolved since 1945, in terms what both claim they endeavoring achieve, i.e., earliest creation sovereign democratic Indonesia. While Herremans appeared initially disposed support plan, he voiced strong opposition after conference Riphagen and Vredenburg, who came up from Batavia for purpose. On June 9 plan was redrafted in some details to accommodate AusDel suggestions and adopted same day as joint Australian-US working paper. Owing my closeness situation here, I felt unable avoid responsibility for decision respect timing its submission. Accordingly after deep consideration all factors, I left Critchley to give working paper to Hatta June 10 and flew Batavia and gave Van Mook copy. Both in covering letters to Hatta and Van Mook and in my conversation with latter, it made quite clear paper entirely informal and would not be reported publicly or to SC unless parties unable reach agreement any basis and then only after any revisions called for. It also made clear Van Mook invitation to Hatta clearly implied reconstitution Netherlands and Republic delegations outside GOC, attention being drawn to Van Mook's view that bridging gap between parties along lines followed so far would be difficult, implying GOC definitely in discard. Letter stated that we considered some contribution from GOC should be made if seven and half months effort assist parties to be justified, especially now that continued value GOC opened to question. I told Van Mook working paper might prove be GOC swan song.<sup>3</sup>

5. If serious discussions under GOC to be resumed, which appears problematical, working paper will at least give delegations something talk about, which they now lack. But chiefly paper should ease strain Republic, which has been holding militants, [FDR?] left wing, in line partly on strength possible positive contribution by GOC, and should postpone at least temporarily dangerous internal and international complications certain result should Republic conclude hope successful outcome negotiations definitely at end. Already dangerous drift inside Republic, new evidence Bandung conference moving to define future Netherlands-Indo relationship, unmistakable signs Netherlands delegation maneuvering GOC out of picture, and possibility incident any moment on *status quo* line convinced me no time to be lost. Signed Dubois.

Department pass Hague.<sup>4</sup>

LIVENGOOD

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<sup>3</sup> Texts of letter and revised draft were forwarded to the Department in Mr. duBois' despatch of June 13 from Kaliurang (501.BC Indonesia/6-1348). For texts, see SC, *3rd yr., Suppl.* (December), p. 194.

<sup>4</sup> This was done the same day.

856e.01/6-1148 : Telegram

*The Consul General at Batavia (Livengood) to Secretary of State*

SECRET

BATAVIA, June 11, 1948—7 p. m.

496. Dubois and Ogburn arrived Batavia yesterday 1:30 p. m. Former had meeting with Governor General 5 p. m. but did not contact me beforehand. Latter came office routine business but when asked purpose conference said "secret".

At 6:30, Van Vredenburg called member Consulate General staff and requested him Palace urgently. This was done and Van Vredenburg said briefly as follows:

Dubois saw Governor General and handed 18 page plan with covering letter, signed by Dubois and Critchley only as Belgium had reserved position. Hatta also received identical documents. Neither NethDel or RepDel given prior notification and GOC had gone over their heads completely to Governor General accepted document but did not discuss, NethDel cannot act until instructions from Hague in premises received. Van Vredenburg says most confused re Departmental thinking as his information from Washington does not coincide with present action. Indicated he felt USDel acting in purely personal capacity and not upon Departmental instructions.

In evening I called on Dubois (also subsequently during night to show him latest Deptel just decoded) at hotel. He informed me of his presentation documents to Governor General. Said he had followed his conscience this matter after most earnest deliberation and that in fact he would have presented document even had AusDel refrained. Dubois tells me received long distance call from Department this morning during which he reported action he had taken. Expects return Kalioerang tomorrow 12th.

Consulate General had no prior knowledge of what was to take place at Dubois-Van Mook meeting.

LIVENGOOD

501.BC Indonesia/6-1248 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

SECRET

URGENT

THE HAGUE, June 12, 1948—11 a. m.

364. Boon told Bonsal this morning that Du Bois action has "created havoc all respects". He added cooperation between members GOC probably now impossible. He said Van Kleffens had been instructed to "protest" at Department regarding Du Bois action. He concluded



by stating that Dutch Government feels there was no justification in situation for precipitate action taken by Du Bois.

This Embassy believes that if it is desired that intrinsic merits Du Bois proposal be eventually calmly considered, it would be helpful if somehow Republicans could be induced delay any expression in regard thereto until after present tension and indignation in Dutch Government circles subsides.

Embassy believes that if Du Bois were called to Washington for consultation Vredenburg would similarly be called to The Hague.<sup>1</sup>

BARUCH

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<sup>1</sup> Telegram 247, June 15, 5 p. m., to The Hague, reported that Mr. du Bois was not able to leave Java "at this critical time" and had been consulted by telephone (856e.00/6-1548).

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501.BC Indonesia/6-1248: Telegram

*The Secretary of State to the Consulate General at Batavia*

SECRET

WASHINGTON, June 12, 1948—2 p. m.

258. Usgoc 106. Following for your info: Dutch Counselor called at his request on Dir FE morning June 11 in state considerable concern. Said he was acting on instructions from his Amb, at present absent from Wash, with whom he had communicated by telephone, but not on instructions from Hague which had not yet been received. Helb said he had been informed by telephone from Vredenburg night of June 10 that Dubois and Critchley had presented proposal to Hatta and Van Mook with covering letter of somewhat formal character; that Herremans asked to concur on short notice had not agreed.

Helb protested this action forcefully but with restraint citing following reasons:

1. Procedure by which this proposal has been offered to parties is improper: Belgian member GOC whatever his abilities should certainly have been consulted during course discussions between Dubois and Critchley and in no circumstances should have been asked to concur in document of such vital importance to Neth on such short notice. Moreover since its commencement GOC has preserved rule of unanimity which by this act has been abrogated.

2. Van Kleffens and Helb had received from UndSecy and other Dept officers on several occasions during past 2 weeks assurances that no plan would be offered by USDel without Dept's full knowledge. (Helb's statement is true; Neth Emb Wash has on several occasions recd such assurances.) Helb pointed out that these assurances had been passed on to Hague and Batavia to pacify both quarters in which rumors had been circulating to effect that plans were afoot which if

carried out would place Neth in impossible position of accepting or rejecting plan which had been previously discussed successfully with Rep. Helb pointed out embarrassing position Neth Emb Wash now in and implied Dept in equally embarrassing position vis-à-vis Neth Emb, Hague and NethDel.

3. Dutch Counselor most disturbed by timing Dubois-Critchley proposals which carried implication that they had been offered at this time to "torpedo" Hatta-Van Mook conversations scheduled June 14. He said he assumed Dept had agreed that conversations between parties at high level were desirable at any and all times and that GOC should be gratified that such conversations had been arranged. He assumed that US Govt would be pleased to see parties reach agreement with or without assistance GOC. At this point he agreed *Renville* Agreements could not have been reached without GOC. He stated his belief that conversations Van Mook and Hatta now seriously prejudiced since Hatta would regard Dubois-Critchley proposal as safe position from which he need not recede; that accordingly proposal had in effect supported Rep to disadvantage of Neth. Helb pointed out that effect of offering of this proposal at this time was to place Neth Govt in most embarrassing position in Neth elections next month.

4. Vredenburg had the impression that character of covering letter addressed to Van Mook and Hatta gave proposals somewhat formal status. Butterworth said that this was contrary impression he had gained as result telephone conversation with Dubois last night.

5. Helb said that since he did not have text proposals he not prepared discuss their substance but that Vredenburg had said proposals unacceptable to Neth.

Helb reiterated determination his Govt reach agreement with Rep on basis *Renville* Agreements and stated that in view his Govt record of Neth since *Renville* demonstrated its good faith and its desire to proceed with speed. Pointing to Rep's refusal accept even reasonable interpretation of principle one he said he believed Rep must somehow be induced give assurances that they would no longer seek such avoidances and for this reason Neth had requested a definite statement from Rep on USSR-Rep consular exchange. He remarked that Rep always uses same tactic: to take action contrary to *Renville* Agreement then to deny act of agent who has taken such action.

Dir FE stated Dept had not recd full text referenced proposal and could not therefore discuss substance thereof; also that he had gained definite impression from telephone conversation with DuBois last night that plan had been put forward entirely on a personal and informal basis. In genl Dir FE indicated his disposition to regard procedural objections of Neth counselor as not of great importance.

Sent Batavia as 258, repeated The Hague as 244.

MARSHALL

501.BC Indonesia/6-1148: Telegram

*The Secretary of State to the Embassy in the Netherlands*

SECRET

WASHINGTON, June 12, 1948—2 p. m.

243. For Bonsal from Butterworth: I take it that you will make an early opportunity to make available to Boon the pertinent and appropriate info contained in Gocus 302 (Batavia's 493, June 11) particularly that contained in para no. 4.

For your confidential info British Emb under instructions from London has indicated its Govt will be pleased to join with this Govt in representing to Dutch desirability of acceptance of proposals in question. While expressing appreciation for offer I indicated Dept not yet in receipt of full airmail details of proposal and therefore had not yet been able to reach considered opinion and requested in the meantime British Emb query London as to whether in effect British Govt merely acting in response to Australian Govt suggestion or whether London had had opportunity carefully consider plan and in the light of its vital interest in that area and its long experience with constitutional govts in transition it was its considered view that it was in larger interest of Dutch and others concerned for that Govt to make prompt acceptance. It was obvious British Govt at least in part motivated by desire to prevent disadvantageous discussions taking place in Security Council.

Repeated to Batavia [as 257] for USDel as Usgoc 107.

MARSHALL

501.BC Indonesia/6-1248: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, June 12, 1948—7 p. m.

498. Gocus 304. 1. We believe points raised Usgoc 105<sup>1</sup> in general met in US-Aus working paper on political agreement. Following to be noted:

(A) re paragraph 6. Among other suggested military clauses union statute, working paper calls for "combined Netherlands-USI staff to be instituted to exchange information, consult and make recommendations to government members on all matters relating defense union with object achieving coordinated defense policy and system." We believe provision for assuring unity command within different theatres in time war could well be added among amendments to paper certain to be made in light comments parties. We doubt feasibility vesting peace time overall command function in union agency in which representation members any case would be on parity basis. From realistic

<sup>1</sup> Telegram 250, June 8, p. 229.



point view, it obvious USI in long run will be able contribute far more to defense Indonesia than Netherlands and that in foreseeable future, Netherlands-Indonesian union will be indefensible against real threat unless US assumes responsibility. Working paper already provides for Netherlands bases USI. USDel would welcome Department's suggestions for further provisions giving US opportunity extend its Pacific defenses to Indonesia.

(B) We doubt wisdom attempting to insert clause protecting foreign interests in USI constitution, which will be drafted by constituent Assembly (re paragraph 5). Netherlands making fundamental error in attempting tieup Indonesians through rigid provisions in constitution USI and union statute, which will lead only to junking of both instruments the moment Indonesia truly sovereign. Adequate protection US interests through USI judiciary should be obtainable through treaty between US and sovereign USI. Discussions toward this end should commence as soon as Provisional Federal Government formed, at which time US should certainly seek some form diplomatic representation here.

(C) Regarding responsibility Provisional Federal Government (re paragraph 7), working paper states "We assume that in order complete transitional process and create USI soon as practicable, actual government and administration Indonesia would be progressively turned over to Indonesian officials as rapidly as development Indonesian organization structure would permit. In first instance, we believed delegation of powers on highest level should take place and that apart certain specified powers reserved Lt. Gov. Gen., full powers internal government should be vested in Provisional Federal Government immediately upon its formation. Provisional Federal Government would then itself determine how rapidly governmental and administrative functions could be transferred on progressively lower levels from present governmental and administrative organization to developing Indonesian organization. We consider key officials present Netherlands Indies Government should by all means be asked remain in advisory capacity even when, in course time, their responsibilities taken over by officials designated by newly elected Provisional Federal Government. Sovereignty interim period would rest with Netherlands but it is suggested Crown issue certificate instructions to Lt. Gov. Gen. that exercise his power be limited to (a) veto over acts Provisional Federal Government in contravention UN charter or union statute and (b) direction, after consultation with Provisional Federal Government, of federal armed forces and other federal agencies in cases civil conflict which Provisional Federal Government proves unable control." In practice, we convinced Provisional Federal Government would rely heavily on Netherlands advice and assistance. Through provisions union statute it would be committed protection Netherlands economic interests, rehabilitation of which Netherlands would have every opportunity effect in view achievement final settlement political conflict and clear demarcation once for all of respective areas of Netherlands and Indonesian interests. Provisional Federal Government as contemplated in working paper would be far better able provide stability than government as envisaged by Netherlands. At present even with Republic endeavoring keep its adherents quiet,

Netherlands having hard sledding restore stability Netherlands areas. (Aneta June 11 reports opening bus service between Garoet and Tasik Malaya, service to consist one bus travelling in military convoy.) We convinced Netherlands in accordance above extract must take plunge and allow Indonesians manage own affairs. Attempts divide powers internal government between Lt. Gov. Gen. and Provisional Federal Government will lead endless haggling, dissension and probably disorders, and country will never get on with future.

2. Re Hague telegram June 9,<sup>2</sup> USDel would welcome text Netherlands constitutional provisions setting limits to powers Netherlands could transfer to Provisional Federal Government. According NEI Government information service, present Provisional Federal Government "not to be trifled with. It rules." Absence Van Mook would leave supreme authority in hands Abdul Kadir. If Abdul, why not Prime Minister Provisional Federal Government?

3. Regarding reported Netherlands belief working paper is result USDel "squeeze play," Netherlands thoroughly aware USDel quite impervious pressure by AusDel, that for 5 months USDel has waged continuous and successful battle to neutralize AusDel at cost collapse USDel prestige among Indonesians in order give Netherlands full opportunity conduct negotiations with Republic without sword held over head by GOC or SC. Only when USDel finally and reluctantly concluded Netherlands plan was unworkable, based fictitious premises, and fairly sure have disastrous aftermath for US interests Southeast Asia, did USDel take position which AusDel delighted and able support. Basic concept working paper was USDel's although points were discussed some extent with AusDel (and fully with Riphagen) during evolution. Both AusDel and USDel interested in having their respective drafts taken as basis working paper, with USDel succeeding owing much more comprehensive nature its draft. We had no intention allowing AusDel take credit and deliberately let Indonesians know we working on suggestion since AusDel obviously doing same. (This was even hinted to Sukarno as reason why USDel adviser could not accept his invitation take trip through Sumatra with him.) Alterations made in USDel draft at suggestion AusDel all minor.

4. Working paper commits USDel to position taken only after deepest consideration all factors future Indonesia belongs necessarily to Indonesians and that future had better come fast for sake interests all concerned. This is hump Netherlands must speedily get over. It obvious only tremendous heave by Department will get Netherlands over it. We aware Soviet recognition Republic, in part motivated by desire upset negotiations, is probably opening wedge attempted Soviet penetration Indonesia. We believe however Dutch lack sufficient pres-

<sup>2</sup> See telegram 349, June 8, p. 231.



tige and resources meet this threat whatever their position here. We confident elements present situation Indonesia are in our favor and that US can turn back Communists here if it will seize and hold advantage. In order avoid appearance we might have been prodded into position we have taken by Soviet recognition Republic, we considered every day's delay in presentation working paper dangerous. Even though working paper does not meet Republic's position, absence Herremans from signatories indicates USDel has definitely turned its back on Netherlands plan, which we believe good thing respect US future position here. We think Republic still looking to West, especially US, but obviously for last time and perhaps already preparing orientation toward USSR as last resort. Working paper is at least one gesture from US of belief and confidence, ability and right of Indonesians govern selves. This all we can do. Rest up to Department. Signed Dubois.

Department pass Hague.<sup>3</sup>

LIVENGOOD

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<sup>3</sup> This was done on June 13.

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S56d.00/6-1448

*Memorandum of Conversation, by the Under Secretary of  
State (Lovett)*

SECRET

[WASHINGTON,] June 14, 1948.

Participants: Mr. E. N. van Kleffens, Ambassador of the Netherlands  
The Under Secretary—Mr. Lovett  
Mr. W. Walton Butterworth, Director for Far Eastern  
Affairs

At his request, the Dutch Ambassador called on me today to discuss the recent developments in Indonesia. He said he was not prepared to enter into details regarding the particular merits or demerits of the DuBois-Critchley proposal but he did desire to point out aspects of the procedure followed which in his view and that of his Government were, to say the least, questionable. He then went over much the same ground as the Counselor of the Dutch Embassy had on June 11 with Mr. Butterworth.<sup>1</sup> In this instance, however, he quoted specifically from the covering letter to Mr. Van Mook which would indicate that the proposal was put forward informally and as a working paper but the letter also contained a sentence to the effect that the right was reserved to incorporate this proposal in a GOC report to the UN if the proposal proved non-acceptable and the Hatta-Van Mook con-

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<sup>1</sup> See telegram 258, June 12, p. 238.



versations unproductive. Mr. van Kleffens indicated that the Dutch Government considered this a threat and entered a protest accordingly. Mr. Butterworth queried whether this sentence could not merely be regarded as having been included in the letter because Messrs. DuBois and Critchley felt that if the GOC failed, its individual members might wish to show that they have done their best. The Dutch Ambassador maintained that although he was always willing to give the benefit of the doubt of interpretation, that it was difficult to draw any other conclusion from the wording than the one he had drawn.

Mr. van Kleffens also read excerpts of several other telegrams he had received including a telegram from the Prime Minister affirming the Dutch Government's intention to negotiate a settlement but only on the basis of the *Renville* principles and expressing great concern both as to the procedure used in putting forward this proposal and its contents. It also referred to the indication that the Prime Minister was considering bringing Vredenburg back to The Hague and the possible desirability of DuBois' returning and thus a cooling-off period being initiated. The difficulties in connection with the forthcoming legislation in the Dutch Parliament regarding constitutional changes and the political situation in Holland were also touched on. Another telegram contained a report from Mr. Van Mook to the Prime Minister of a conversation with DuBois following the presentation of the paper in which Mr. Van Mook commented on the fact that it had been presented by Mr. DuBois in some agitation and from what the Dutch Ambassador said implied that subsequently Mr. DuBois had had some doubts about the desirability of some of its provisions. A third telegram contained the text which the Dutch Ambassador read of similar letters which Mr. Van Mook was addressing to DuBois and Critchley which reviewed recent events and returned the paper as unacceptable.

I took the general line that I was not able to discuss the contents of the paper since the airmailed text had not been received in Washington; that the Department was obviously somewhat in the dark as to exactly what had occurred and had, of course, assumed on the basis of telegraphic exchanges with the USDel that it would be consulted prior to the presentation of any proposals. In this connection, I pointed out that one of the disadvantages under which we operated was considerable delay in telegraphic exchanges which were augmented by the necessity of Mr. DuBois' making frequent trips from Batavia.

The Dutch Ambassador complained strongly on three other scores. He said he had information that the GOC was writing its next report and that the period it would cover was being moved up from June 1 to June 12 presumably with a view to including in the report reference to the working paper. He asked that action be taken to prevent this

and I agreed that the Department would send a telegram expressing its opposition to such action.<sup>2</sup> Secondly, he stated that "they" had given a copy of this report to the *Time* correspondent who had cabled a long story to his magazine. Asked who "they" was, he said he did not know and I pointed out the varied representation on the GOC secretariat. He said that he proposed to ask Mr. Luce<sup>3</sup> to refrain from publishing this story since he was going to New York tomorrow and could see him there and asked whether the Department might find it possible to reinforce this request. I pointed out the practical difficulties in the way of any such action.

Lastly, Mr. van Kleffens referred to the importance of the Export-Import Bank approving the loan to the NEI if possible before Wednesday<sup>4</sup> on which day the Hatta-Van Mook conversations would begin. In this connection, he pointed out that he had talked with Batavia on the telephone this morning and had been advised that the atmosphere was "good" for launching these conversations. Mr. Butterworth then expressed gratification that whatever the merits and the demerits of the procedural questions previously discussed, it would appear that they had not impaired the possibility of constructive direct negotiations between the parties. The Dutch Ambassador went on to emphasize the extent of delay by the Bank in the matter of the loan, pointing out the innumerable studies and documentation that his representative had been furnishing over the past three months and the intransigent effect on the Indonesians if they were allowed to continue to assume that the U.S. would not act until an interim government was established. I felt it necessary to put the position in perspective for the Dutch Ambassador by calling attention to the character of the Bank's charter, the extent and number of the applications before it and the difficulties which were entailed by a constitutional situation in transition.

[ROBERT A.] L[OVETT]

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<sup>2</sup> Telegram 260, June 14, 6 p. m., *infra*.

<sup>3</sup> Henry R. Luce, founder of the Luce publications, including *Time*.

<sup>4</sup> June 16.

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501.BC Indonesia/6-1448 : Telegram

*The Secretary of State to the Consulate General at Batavia*<sup>1</sup>

SECRET      US URGENT  
 NIACT

WASHINGTON, June 14, 1948—6 p. m.

260. Usgoc 108. Dept attaches utmost importance to maintenance of personal confidential and informal character Dubois-Critchley

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<sup>1</sup> Repeated in telegram 248, June 15, 6 p. m., to The Hague.

working paper proposals and has been disturbed to learn *Time* has read from its correspondent in Batavia some account of them. It of course does not wish any publicity to occur but even if it should, Dept nevertheless would be unalterably opposed to the inclusion of any reference being made to these proposals in any report which the GOC may make to the UN.

Another matter on which Dept holds strong opinion is that GOC as name implies should not in any way constitute itself as an arbitral body. It was constituted to lend its good offices as and when needed in assisting the disputants to reach amicable settlement. If the parties can reach amicable settlement at any time without the benefit of intermediary action on the part of the GOC, Dept would wholeheartedly welcome it. Dept is most anxious that Hatta-Van Mook conversations which it understands from press will begin on Wed shall succeed. It therefore does not regard Hatta-Van Mook conversations as untoward development to be checkmated (see penultimate sentence third from last para Gocus 300, June 8<sup>2</sup>) and trusts USDel to ensure that both Van Mook and Hatta understand the basis of this Govt's acceptance of invitations extended by the Govts of the countries of their nomination to participate on GOC as the one member not designated to represent either party.

MARSHALL

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<sup>2</sup> Telegram 477, June 7, p. 226.

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856d.51/6-1548

*Memorandum of Conversation, by the Acting Assistant Chief of the Division of Southeast Asian Affairs (Lacy)*

CONFIDENTIAL

[WASHINGTON,] June 15, 1948.

Participants: Mr. Clarence E. Gauss, Member of the Board,  
Export-Import Bank  
Mr. Charles S. Reed II, Chief, SEA  
Mr. W. S. B. Lacy, SEA

Messrs. Reed and Lacy called on Mr. Gauss at the latter's request. Mr. Gauss, referring to the Bank's consideration of an application from the Government of the NEI for a loan of \$100,000,000 said that he wished to be advised of the degree of political stability in Indonesia and the various parts making up that archipelago.

Mr. Gauss was advised that a reasonable degree of political stability existed in all parts of the Indonesian Archipelago with the exception of the islands of Java, Sumatra and Madura, which were subject to.



the present dispute between the Governments of the Netherlands and the Indonesian Republic. The areas of which both the Netherlands and the Republic claim control in Java and Sumatra were indicated to Mr. Gauss on a map, upon which the principal products for exports were also indicated.

Upon Mr. Gauss's invitation Mr. Reed and Mr. Lacy explained the basis of the Department's desire that a line of credit be made available immediately to the NEI Government, referring to the Department's desire to restore the balance in negotiations presently before the GOC, and the Republic's reluctance to join an interim government since in doing so it could stop the NEI Government from receiving a loan under conditions presently attached thereto. Mr. Gauss said that the Bank was anxious to avoid involvement in any political problem and was interested purely in the security underlying any loans which it might make. After considerable conversation, Mr. Gauss said that it was his disposition to recommend the extension of loans to economically sound projects in the nondisputed territories of the Indonesian Archipelago. Mr. Reed and Mr. Lacy indicated their general agreement with Mr. Gauss's conclusion.

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856e.00/6-1648 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, June 16, 1948—noon.

506. During course conversation with member Consulate General staff evening June 15, Vredenburg enquired whether it would assist negotiations if ranking delegates were to disappear from scene and new ones took over. If so, he willing to lead way by resigning when he arrives in Hague and that Herremans and Dubois might go home for consultation and do same. He did not mention Critchley's name.

Vredenburg disturbed by position but felt tension had lessened somewhat and thought that with change of appearance of delegations atmosphere might improve materially and negotiations could go forward more easily. He did not appear too pessimistic about final outcome in this case.

Consulate General fully aware implications above and felt should pass Department. Consulate General unable express definite opinion on efficacy plan if suggestion carried out.

Due to nature of suggestion and to prevent further deterioration relations between delegations, Consulate General has not felt at liberty to pass this information to Dubois.

Dutch also perturbed that UP correspondent sent out long report on "plan". Consulate General informed Van Kleffens telephoned in premises.

LIVENGOOD

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501.BC Indonesia/6-1648 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET      PRIORITY

BATAVIA, June 16, 1948—2 p. m.

507. Gocus 306. 1. Re Usgoc 108,<sup>1</sup> there no chance preserving confidential character US-Aus Working Paper. Paper was presented to Van Mook with assurance Dubois that Hatta being enjoined keep it absolutely confidential pending outcome their talks. As of June 14, it evident Hatta had not even informed own delegation existence paper. However, both *Trouw* and *Het Dagblad* had meanwhile got hold of information, obviously from Dutch. Schorr, *Time* and *Monitor* correspondent, had obtained full story on nature Working Paper and some coverage on surrounding circumstances by noon June 15 and transmitted that night to *Time* and *Monitor*. Absolutely no information obtained from USDel. His source was almost certainly Dutch. (Some confusion may result from publication interview Schorr had with Hatta two weeks ago in which Hatta stated Republic would accept GOC proposal for delineation states and suggested other compromise solutions on points disagreements not dissimilar to some included in US-Aus Working Paper which not then drafted.) By evening June 15, United Press and Agence France Presse also had at least gist Working Paper which they transmitted 9 o'clock that evening. Eleven that night Vredenburg asked Herremans persuade Dubois stop Schorr story. This, of course, impossible.

2. Re Helb's contentions in talk Dir FE (Usgoc 106<sup>2</sup>), following to be noted: (a) Herremans had ample opportunity consider plan, having been presented USDel draft same time as Critchley, viz. 5 days before final action taken. Dubois had previously discussed entire outline with him. His opportunities consider basic ideas during past month limited only by his lack interest political situation here and his extremely distant relationship with his adviser; (b) USDel plan, while fully discussed with Dutch, was never "successfully discussed with Republic". Only conversation USDel had with Republic on any part substance plan was discussion with Pringgog Digdo on general subject elections (Gocus 292, June 1). This connection, while USDel has emphasized to Department aspects plan running counter Nether-

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<sup>1</sup> Telegram 260, June 14, p. 245.

<sup>2</sup> Telegram 258, June 12, p. 238.

lands strategy, USDel does not admit plan is pro-Republic. Plan completely undercuts position Republic maintaining stubbornly [apparent garble] that Republic must retain national status pending transfer sovereignty to USI, and might well result wiping Republic off map; (c) USDel believes it high time turn deaf ear to Dutch argument that Republic has violated *Renville* Agreement and principles while Netherlands has loyally supported them. Apart release considerable numbers prisoners war, Netherlands has done nothing here except in direct pursuit its immediate interests and while demanding Republic be bound by political principles prior signing political agreement has not regarded self as similarly bound. (For example, in stating interval after which sovereignty to be transferred and in guaranteeing freedom speech and assembly.) It has also seized every excuse for not fulfilling important provisions truce. (For example, enlargement demilitarized zones, use of civil police in demilitarized zones, maximum opportunity for trade and intercourse among all areas.)

3. Netherlands suspicion that GOC responsible for Hatta refusal create new delegation outside GOC not well founded. No Republican official would dream of taking negotiations outside GOC unless convinced GOC finished and Republic must make for nearest port. We did let Hatta understand we hoped GOC could make contribution, for reasons cited previous telegrams.

4. On return conference from Kaliurang June 14, messenger at station presented Dubois letter from Van Mook challenging basis presentation US-Aus Working Paper and stating Netherlands could not take it into consideration.

5. Re final paragraph Usgoc 108, we convinced Van Mook and Hatta understand thoroughly USDel's impartial role. We cannot concede Working Paper is other than impartial. Whatever Netherlands may give out to Department, it fully aware USDel did utmost for months ensure smooth course for NethDel and that Netherlands has utilized months since *Renville* Agreement to consolidate position in non-Republican areas Java, Madura, Sumatra for final attempt to reduce Nationalist movement represented by Republic to impotence—a program no impartial delegation could support, and which USDel believes would result in disaster interests all concerned. Hatta will certainly not regard Working Paper as anti-Dutch, plan envisaged being based elections in which advantage will lie with Dutch.

6. USDel in explaining reasons for action it has taken has endeavored give Department full picture dangerous situation which had evolved here. Its impressions Netherlands conduct and strategy and likely consequences appear to be shared by members UN Secretariat regardless nationality, all representatives press agencies with whom



USDel acquainted, including Agence France Presse and some Aneta, impartial military observers, and in part at least even by Herremans. Action USDel has taken has been based entirely on analysis situation contained recent GOCUS telegrams. Despite initial Dutch reaction, which we believe overplayed, we convinced Netherlands acceptance plan in best interests Netherlands. If Department does not accept our analysis and if after consideration our plan cannot support it, we believe situation will call for a new US delegation. Signed Dubois.

Sent Department 507; Department pass Hague.<sup>3</sup>

LIVENGOOD

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<sup>3</sup> This was done the same day.

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501.BC Indonesia/6-1648: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, June 16, 1948—5 p. m.

511. Gocus 307. 1. GOC and Republic delegation assembled for Steering Committee meeting this morning. Netherlands delegation failed appear and sent letter stating "view publication strictly confidential document handed by Dubois to Van Mook June 10, NethDel has requested instruction from Netherlands Government. Pending receipt these instructions NethDel thinks it advisable discontinue for time being discussion between both delegations with exception discussions concerning truce agreement".

2. Re Boon statement (Hague's 386 [368<sup>1</sup>]) that Schorr had cabled 4000 words presumably based interview with Dubois, it may be noted that Schorr had access to Working Paper at least as early as June 14 according information he has given us. Delegation train from Jogja did not arrive Batavia till night June 14. Schorr admitted to Dubois afternoon June 15 that he had also seen contents covering letter to Van Mook. Prior arrival delegation train, no one in Batavia knew about this letter except Dutch and Cutts of AusDel. We fairly certain information was given Schorr by Dutch owing (1) Schorr's excellent contacts with Dutch, (2) Schorr's conversation which makes clear he has thoroughly discussed paper with NEI officials and, (3) fact that Hague's telegram cited above was transmitted fully 24 hours before Schorr's cabled story referred to and at time when Dubois had not seen Schorr for over 2 weeks. Third point indicates possibility pre-arranged Dutch plan. Pillorying of Dubois and GOC by Dutch now probably to be expected.

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<sup>1</sup> June 14, 7 p. m., not printed.

3. Re paragraph 1 Hague's 368, Prime Minister's statement that Netherlands Government not in position take any important decision re changed handling Indo problem until August 1 (meaning presumably consider any new ideas) and Boon's opinion that Working Paper cannot be taken into consideration because it violates function GOC and deviates from *Renville* principles were fairly indicative lack Dutch interest in merits Working Paper and absence constructive purpose on part Netherlands with regard settlement dispute. Schorr, who very widely acquainted with Dutch and generally very sympathetic, states off record that Dutch have never taken negotiations with Republic seriously and have intended all along create their own federal edifice. Signed Dubois.

Sent Dept 511; Department pass Hague from Batavia.<sup>2</sup>

LIVENGOOD

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<sup>2</sup> This was done the same day.

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501.BC Indonesia/6-1648 : Telegram

*The Secretary of State to the Consulate General at Batavia*

SECRET US URGENT

WASHINGTON, June 16, 1948—7 p. m.

NIACT

265. Usgoc 109. As indicated in Deptel 260 June 14, Dept desires Van Mook-Hatta talks be as productive as possible.

However Dept must take account of contingency that direct talks may break down or be inconclusive. Should Van Mook-Hatta talks not resolve basic differences between parties, Dept is hopeful that GOC acting unanimously will present parties with a plan consistent with *Renville* Agreements which will be basis of agreement between parties.

Although Dept has not received text USDel proposals, Dept assumes that USDel plan could with modifications evolved through negotiations within the GOC form the basis for a revised plan to present to parties in foregoing circumstances.

This Govt's obligations to fulfill its commitments under SC resolutions remains, of course, untouched by recent events and Dept's considered view is that GOC should continue to play its part in same manner in which it participated in *Renville* Agreements. Dept believes majority SC members still regard GOC obligated to continue to assist parties whenever possible in finding settlement of their dispute.

In line with this attitude Dept would propose that following steps be taken in event Hatta-Van Mook talks are indecisive:

1. Dept will study detailed provisions USDel plan as soon as text received and will forward you its full and considered comments thereon soonest.

2. While Van Mook-Hatta talks are going on, technical subcommittees of GOC should continue their negotiations.

3. If Van Mook-Hatta talks are unsuccessful, you should make every effort obtain GOC agreement on revised plan which takes into account parties' comments on recent proposals as well as parties' experience with direct talks.

4. If unanimous agreement can be reached within GOC on revised plan, it should be presented to parties and this Govt will at appropriate time make it clear to both parties that it whole-heartedly supports it and will, if occasion arises, make public its support in SC.

Sent to Batavia as 265. Repeated to The Hague as 253.

MARSHALL

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501.BC Indonesia/6-1748: Telegram

*The Secretary of State to the Consulate General at Batavia*

SECRET US URGENT

WASHINGTON, June 17, 1948—1 p. m.

266. Usgoc 110. Immediate following tel to ConGen<sup>1</sup> on which ConGen is to take no action until specifically authorized by Dept was on point of despatch last night when Gocus 307<sup>2</sup> was recd. In absence Dutch Amb who had departed for Lake Success for Security Council meeting today, Dir FE requested Dutch Min to call at his residence and pointed out that Vredenburg's letter had effect of giving an official and quasi GOC status to personal and informal working paper which its authors had not given it and that suspension steering committee on this pretext will have effect of involving the SC in this issue. It was recalled that original action of US in fostering GOC was among other things designed to remove the detailed contentious aspects of the Indo-Dutch dispute from the SC. Accordingly situation called for issuance instructions to NethDel to resume forthwith its discussions in steering committee. Exception was also taken to inferential manner in which quoted excerpt from Vredenburg's letter was worded.

In view of foregoing, Dir FE requested Neth Min call Dept this morning and informed him that tel re credits from Eximbank and Commodity Credit Corp was on the point of dispatch yesterday with instructions to ConGen to inform both Indo and Dutch authorities of its contents; that it had been and was being held in suspense pending

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<sup>1</sup> *Infra.*

<sup>2</sup> Telegram 511, June 16, p. 250.



more favorable developments. He was requested so to inform The Hague.<sup>3</sup> Sent Batavia as 266, repeated to The Hague 252.

MARSHALL

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<sup>3</sup> In telegram 523, June 18, 8 p. m., Gocus 310, Mr. duBois stated: "Announcement of US financial assistance to NEI might well destroy what slim possibility exists of negotiated settlement and cause reversion situation to early June, when breakdown negotiations had actually been reached." (501.BC Indonesia/6-1848)

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501.BC Indonesia/5-2148 : Telegram

*The Secretary of State to the Consulate General at Batavia*

CONFIDENTIAL

WASHINGTON, June 17, 1948—1 p. m.

US URGENT

267. 1. Board of Directors ExImBank has informed Dept that Bank is prepared consider credits for economically sound projects within NEI without regard to lapsing on June 30, 1948, of the 100 million dollar credit authorization voted Sept 1945.

2. Dept (in accord with third para (b) Usgoc 100<sup>1</sup> and first para Gocus 275<sup>2</sup>) informed ExImBank Dept no longer considers Republic's participation interim Federal Govt prior condition ExImBank extension credits in NEI area.

3. After review by NAC, Secy Agri on June 14 signed 25 million dollar credit from Commodity Credit Corp to NEI under authority Section 7 Public Law 395. Pursuant law credit placed before Congress June 15 and will become effective 60 days thereafter unless Congress by joint resolution disapproves. Dept understands 60 days run regardless whether Congress in session. Details follow.<sup>3</sup>

4. You should disclose above to NEI and Republic representatives and inform Dubois.

To Batavia as No. 267. Repeat to Hague as No. 255.

MARSHALL

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<sup>1</sup> Telegram 203, May 14, p. 172.

<sup>2</sup> Telegram 418, May 21, p. 178.

<sup>3</sup> Telegram 270, June 18, 6 p. m., to Batavia, reported that \$25 million would be made available under a credit arrangement for procurement by the NEI of incentive goods (501.BC Indonesia/6-1848).

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501.BC Indonesia/6-1848 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, June 18, 1948—5 p. m.

519. Gocus 309. 1. Dubois and Critchley breakfasted June 17 with Hatta and Sjahrir. Hatta said talks Van Mook progressing friendly

spirit. Van Mook offering liberal but unspecified representation for Republic in interim Government but opposed to elections until after interim Government formed while favoring elections for Constituent Assembly thereafter. Also suggesting control of TNI by an Indonesian civilian Secretary of War and an all-Indonesian staff. Dutch Army would remain entirely separate until formation USI when it would merge with federal army or go home. Question Republic's foreign relations and recognition by USSR discussed and tacitly dropped.

2. Joint Netherlands-Republican statement June 17 stated talks held in cordial atmosphere on all outstanding problems, that they now temporarily concluded with both parties referring to respective governments question how resolve differences opinion.

3. Pringgo Digdo states Van Mook would never have suggested talks this nature with Hatta except for imminence GOC suggestion on political agreement.

4. Republican Government June 17 issued non-provocative statement accepting US-Aus working papers as basis for continued discussions to achieve political agreement, stating Netherlands reasons for rejecting proposals not clear, suggesting Netherlands may still be expected alter its view if it will study proposal further, and re-affirming necessity intermediacy GOC.

5. All members Republican delegation with whom we talked at party last night expressed satisfaction working paper and thought Dutch crazy not accept it in view protection afforded their interests.

5 [6]. Netherlands Government communiqué June 16, refusing on procedural grounds even accept working paper as basis discussions and accusing authors of hampering solution dispute, seems serious tactical blunder if only in giving working paper formal status and added prominence. Publicity campaign conducted by Dutch is utterly incomprehensible (particularly since members Republican delegation with whom we talked had not even seen plan until June 17), unless Dutch, as appears to be case, had expected be able pin on Dubois responsibility for giving working paper to press with view getting rid of Dubois and perhaps even GOC. This apparently backfired owing to Dutch jumping gun on 4000-word Schorr story. We learned from good source that Vredenburg drafted letters suspending meeting between parties on strength outline intended story filed by Schorr, that Netherlands subsequently learned Schorr story would not be published before Steering Committee meeting which Vredenburg intended call off. Netherlands delegation then made hurried telephone call Washington to ascertain if any story had been published justifying their action and learned UP story had just appeared. Naryanan (head UN Secretariat) informs us Roth (*Nation* correspondent) told

him he had obtained text working paper from member Netherlands delegation, whom he named. This removes any last doubt from our minds that it was Dutch who at least initially responsible for giving paper to press.

6 [7]. Pope of *Chicago Tribune* says he working on story alleging Consulate General endeavoring have Dubois removed and that Department under pressure by business groups to same end.<sup>1</sup> Signed Dubois.

Sent Department 519; Department pass The Hague unnumbered.<sup>2</sup>

LIVENGOOD

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<sup>1</sup> In his telegram 526, June 19, 7 p. m., from Batavia, Consul General Livengood categorically denied the truth of any such efforts on his part. In telegram 282, June 22, 6 p. m., to Batavia, the Department expressed "absolute confidence your loyal cooperation with members USDel and disregards rumors re alleged differences between ConGen and USDel." (501.BC Indonesia/6-1948)

<sup>2</sup> This was done the same day.

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501.BC Indonesia/6-1848: Telegram

*The Secretary of State to the Consulate General at Batavia*

CONFIDENTIAL

WASHINGTON, June 18, 1948—7 p. m.

274. Usgoc 112. Pres SC will telegraph Chairman GOC asking for info regarding suspension of negotiations. Pres SC had initially suggested that GOC furnish full information re causes, justification and duration suspension as well as information on other points. Subsequent to Pres SC's initial suggestion US Rep SC made statement forwarded you in Usgoc 113.<sup>1</sup> Pres SC then stated his request for information would be modified in accordance with remarks of US Rep. Dept believes you should be guided by US Rep SC's remarks as to nature, timing and content of GOC's reply to SC.

MARSHALL

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<sup>1</sup> Telegram 275, June 18, 7 p. m., not printed. For statement made on June 17 by the U.S. deputy representative, Philip C. Jessup, to the Security Council, see SC, 3rd yr., No. 86, June 17, 1948, p. 38.

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501.BC Indonesia/6-1848: Telegram

*The Secretary of State to the Consulate General at Batavia*

SECRET US URGENT

WASHINGTON, June 18, 1948—7 p. m.

276. The Neth Amb asked for interview with UndSecy this morning apparently with purpose of explaining difficulties facing Neth Govt on eve of genl election with view to obtaining release of info



contained in Deptel 266 June 17 to Batavia. When in course of conversation contentious issues came to fore, UndSecy drew upon certain factual info contained in Batavia's 507 and 511, June 16 particularly with respect to opportunity given Herremans to make his contribution to working paper and info re number of newspapers and agencies involved in leak emphasizing fact that USDel was in no way involved (to which van Kleffens readily assented and concerning which he said he went out of his way to make statement in yesterday's Security Council meeting) and that it could not be necessarily assumed that Neth officials as well as other elements constituting GOC were not involved. Exception was also taken to wording of Vredenburg's letter. More particularly it was emphasized that action taken in this letter had in Dept's view been mistake in judgment since it changed in some measure status of working paper and made it all more difficult to prevent it from being headline subject of discussion in SC. Not defending this action, van Kleffens yet espoused view that in given political circumstances in Holland, such action was inevitable otherwise situation would have been dramatically exploited by opposition. UndSecy reviewed role of US in Indo-Neth dispute emphasizing our reluctance to participate and fact that Neths not ourselves were a party in direct interest and therefore the propriety of our not being asked to assume role of "the illegitimate child at the family party."

It is Dept's opinion that at times Neth Amb has not been impressed with wisdom of actions taken in Java and UndSecy's remarks no doubt gave him pause for further thought. Also van Kleffens has in Dept's view acted on occasion as mitigating influence with The Hague to give it benefit of other than Batavia's views and today he himself said as much and offered to act helpfully. The UndSecy emphasized that high standard of compliance in terms of political and military undertakings of *Renville* Agreements was being urged by all concerned upon the Indos which he thought was right and proper. However such should be equally applicable to both parties and he suggested to Neth's Amb importance to Neth Govt in terms of amicable settlement of its ensuring that this was in fact being undertaken in NEI. In this connection, he merely cited by name problems of demilitarized zones, civil police therein and freedom of speech and assembly. Van Kleffens pressed for more details urging that he could beneficially use these in The Hague to put situation in proper perspective. UndSecy indicated that we were not in possession of details which would warrant such an action on our part and that whatever info we had or would in future have available, we would not wish it to be employed in personalizing issues which process had already gone too far.

In this connection, Dept would appreciate receiving telegraphic report drafted in such factual and dispassionate manner as would per-

mit it to give it to Neth Amb. As you know, his role is something more than Neth Amb in Wash. He has in past and is now prepared to inject himself into situation. In Dept's view, this approach at this time could be very beneficial.

Van Kleffens could give no definite answers to question put to him, "Where do we go from here?" He did reaffirm forcefully Neth Govt's desire for amicable settlement and its inability to accept settlement which was not in accord with *Renville* Agreements. However, he did mention that his Emb had just recd working paper and that it contained many good provisions though there were others which in his view were not in accord with *Renville* Agreements and there were certain provisions which he thought might be unworkable. He indicated he was sending his personal analysis of the working paper to Dept shortly. UndSecy said that working paper by definition was one which was not definitive and presupposed beneficial changes. He pointed out that new Belgium representative had now arrived in Batavia and that he felt sure that Mr. DuBois who was a very experienced and capable official and his assistants were fully prepared to renew their labors on GOC on basis of facts and issues involved which they had no desire to personalize.

Sent Batavia as 276, repeated The Hague as 260.

MARSHALL

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501.BC Indonesia/6-2148

*Memorandum of Conversation, by the Acting Assistant Chief of the Division of Southeast Asian Affairs (Lacy)*

CONFIDENTIAL

[WASHINGTON,] June 21, 1948.

Participants: Dr. Sumitro, Alternate Chairman, Indonesian  
Republican Delegation at Lake Success  
Mr. Charles S. Reed II, Chief, SEA  
Mr. Joseph Scott, IS  
Mr. W.S.B. Lacy, SEA

Dr. Sumitro called upon instructions of the Indonesian Republican Government to say that his Government regarded the Dubois-Critchley proposals "as generally acceptable". When queried as to whether his Government meant that the proposals were generally acceptable as a basis for further negotiations or whether they found them generally acceptable as a final solution, Dr. Sumitro's reply was not clear. Later conversation indicated, however, that Dr. Sumitro considered the proposals acceptable as a basis of further negotiations. Dr. Sumitro inquired, again on instructions from his Government, whether or not the Department proposed to support these proposals.

Dr. Sumitro was informed that (a) the text of the proposals had not been available for study by officers of the Department and that discussion of their substance was therefore impossible, (b) the US would not attempt to impose proposals upon either party since it is the desire of this Government that an agreement *mutually acceptable* to both parties be reached, (c) the Department is particularly anxious for both parties to understand that the US is not a party to this dispute and (d) the Department was fully prepared to support any agreement to which both parties had subscribed in the same manner that it has and is supporting the *Renville* Agreements. In this connection, Dr. Sumitro was informed that any proposal which this Government would be prepared to support must be consonant with the *Renville* Agreements.

During the course of the conversation the following points were made: (a) Dr. Sumitro was acquainted with the Department's view that the Republic would be well-advised to accept the full consequence of Netherlands sovereignty during the interim period as provided for in Principle No. 1 of the six principles of the *Renville* Agreement, since such acceptance involved negligible sacrifice to obtain the great objectives embodied in the *Renville* Agreements, (b) that the present truce, the only one of three which had been successful, could not be expected to remain effective unless a political agreement was reached, and (c) that the Department was convinced that the Netherlands had every intention of passing sovereignty to the USI as provided in the *Renville* Agreements.

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501.BC Indonesia/6-2248 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, June 22, 1948—noon.

536. Gocus 318. Yesterday GOC, after hearing comments parties at informal meeting with representatives both delegations, adopted draft third interim report to SC covering period to June 10.<sup>1</sup> First of two chapters consists 2,000 word estimate of situation reviewing achievements and failures GOC to date and covering main points in dispute on which no significant progress toward agreement yet made. While estimate ends with statement GOC considering further means assist parties and expression hope that formula reconciling differences may yet be found if only because parties in agreement on ultimate objective, general tenor is rather pessimistic as presaged last paragraph Gocus 281, May 25. Chapter two is detailed record similar interim report.

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<sup>1</sup> For text, see doc. S/848/Add. 1, June 23, SC, 3rd yr., Suppl. (June), p. 122.



Chapter one being telegraphed to SC today.<sup>2</sup> Signed Dubois. Department pass to The Hague.<sup>3</sup>

LIVENGOOD

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<sup>2</sup> Quoted in telegram 802, June 22, 9:30 p. m., from New York, not printed.

<sup>3</sup> This was done the same day.

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501.BC Indonesia/6-2248: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, June 22, 1948—6 p. m.

542. Gocus 319. Roem requested member US delegation call at his home early today. In hour conversation he explained that Republican delegation returned this morning to Jogja to discuss with Cabinet US-Aus working paper. Roem and Supomo remained Batavia in event Netherlands resumed meetings. He stated that while proposals did not meet Republican position 100 per cent, majority Republican delegation including Pringgo Digdo, Sastroamidjojo, Supomo, Budiardjo and himself believed that proposals represent a minimum that could be accepted and Republican delegation would recommend to Cabinet that Republican Government accept them fully and adopt as their own US-Aus proposals. Political parties represented present government would be able to agree he said to US-Aus proposals which to any fair-minded person were impartial and democratic. This connection he said that Dutch business interests would not oppose plan but that opposition would come from officials and Netherlands party leaders.

Roem stated that in opinion Republican delegation members who had negotiated with Netherlands since Linggadjadi or before, no results could be expected from Van Mook-Hatta talks. Van Mook had made no offers to Hatta and had only agreed to refer topics discussion to Netherlands Government. Without pressure third party, Netherlands would not deviate intention eliminate Republicans. US delegation representative pointed out dangers inherent failure Van Mook-Hatta talks or breakdown GOC negotiations and asked if economic blockade continued whether Republican population could be kept under control. Roem replied emphatically Republicans had difficulty controlling people only when it appeared concessions being made to Netherlands.

Roem did not ask how much support could be expected from US Government for US plan but on contrary expressed his regret that some members Republican delegation had asked such "difficult" questions in conversations with US delegation. At conversation's end he expressed his appreciation for US's part in proposals stating the

US-Aus plan had now made impossible Netherlands police action.  
Signed Dubois.

Sent Dept; Department pass to The Hague.<sup>1</sup>

LIVENGOOD

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<sup>1</sup> This was done the same day.

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501.BC Indonesia/6-2248

*The Netherlands Ambassador (Van Kleffens) to the Under Secretary  
of State (Lovett)*

WASHINGTON, June 22, 1948.

MY DEAR UNDER SECRETARY: It gives me great pleasure to be able to let you know that Jonkheer van Vredenburg has been instructed yesterday to inform the Committee of Good Offices that the Netherlands Government has authorised the Netherlands delegation to continue discussions with the delegation of the Indonesian republic.

Jonkheer van Vredenburg is to point out that the suspension of these discussions has not resulted in stagnation of contact between the parties, *vide* the van Mook-Hatta conversations of which the Committee will be informed as soon as it is no longer necessary to observe the discretion these gentlemen have promised each other to maintain for the time being, and which it is hoped the Committee will meanwhile respect.

In the same communication, Jonkheer van Vredenburg is to point out that, in the opinion of the Netherlands Government, the good offices of the Committee can only be expected to bear fruit if members of the Committee are agreed on the policy it recommends, and if the *Renville* principles are adhered to.

I may add, with reference to the document emanating from Messrs. Dubois and Critchley which found its way to the press that an inquiry has shown that, as in the case of the United States representatives, there has been no leak on the part of the Netherlands authorities or delegation, and further that, to my present knowledge, no reply has been received from the Committee to our query what measures the Committee proposes to take in view of the indiscretion which has taken place. Personally, it seems to me that it is reasonable that the Committee should do something, this being the second time that an important confidential document is divulged, the first being, as you will recall, Dr. Graham's Christmas message.

In my case, the road is now clear for progress. I know you share my satisfaction.<sup>1</sup>

Very sincerely yours,

E. N. VAN KLEFFENS

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<sup>1</sup> Under Secretary Lovett acknowledged the Ambassador's note the same day and thanked him for helping to bring about resumption of negotiations.

501.BC Indonesia/6-2348 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, June 23, 1948—9 a. m.

544. Gocus 320. 1. Netherlands Delegation, after receiving 50 copies US-Aus Working Paper plus 100 more at request its secretariat, returned all copies June 20, noting paper could not be discussed.

2. Herremans saw Van Mook June 20 and following day reported to GOC Van Mook assurance Netherlands would be prepared resume negotiations and would notify GOC officially in day or two. Herremans added that Van Mook had said negotiations suspended not only because of publication official document but because discussions could serve no purpose while his talks with Hatta continuing and because Republic's reply Netherlands *aide-mémoire* on Soviet recognition unsatisfactory, also that while negotiations under GOC could go on, no progress could be expected on essential points since these now referred by him and Hatta to respective governments and replies being awaited, which would probably take minimum 10 days. Herremans immediately regretted making these additional disclosures, which evidently had been intended for him alone.

3. Antara June 21 announced that left-wing FDR under Sjarifuddin (head Republican Delegation during negotiations *Renville* Agreement) had rejected US-Aus compromise proposal as "less acceptable than *Renville* Agreement". Many objections cited appeared based misunderstandings, perhaps intentional.

4. GOC today received letter from Republican Delegation challenging basis on which Dutch suspended negotiations, requesting GOC intermediacy in bringing about resumption, and expressing view that US-Aus proposals "constitute one of best means with which achieve settlement" and suggesting "negotiations be continued on basis these proposals".

5. GOC has obtained Netherlands Delegation Agreement to scheduling of Steering Committee meeting this afternoon. Signed Dubois.

Sent Department; Department pass The Hague.<sup>1</sup>

LIVENGOOD

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<sup>1</sup> This was done the same day.

501.BC Indonesia/6-2348 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

BATAVIA, June 23, 1948.

555. Gocus 321. GOC has telegraphed report to SC<sup>1</sup> giving factual background suspension negotiations and ending with statement from

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<sup>1</sup> For texts of two telegrams to the Security Council, June 22, see SC, 3rd yr., *Suppl.* (June), pp. 147, 150 (documents S/850 and S/850/Add.1).



NethDel letter June 22 stating NethDel authorized proceed with discussions with RepubDel.

Addendum to report to be telegraphed today stating RepubDel placed US-Australian working paper on agenda today's steering committee, NethDel rejected it, and GOC, which called upon render decision in matter, unable reach decision (US and Australian voting for retention, Belgium against) and appealed parties consult together in effort agree upon formula permitting consideration paper as basis for discussions. Signed Dubois.

Department pass Hague.<sup>2</sup>

LIVENGOOD

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<sup>2</sup> This was done the same day.

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501.BC Indonesia/6-2348

*Memorandum of Telephone Conversation, by Mr. Joseph W. Scott, of the Division of United Nations Political Affairs*

[WASHINGTON,] June 23, 1948.

At Mr. Jessup's suggestion, I telephoned Mr. Helb to discuss with him the substance of several points being considered for inclusion in a statement to be made by Mr. Jessup in the Indonesian debate in the Security Council this afternoon.<sup>1</sup>

Mr. Jessup, Mr. Noyes and I felt that one of the points might be subject to possible misconstruction by the Netherlands Delegation and I took this point up in detail with Mr. Helb. I told Mr. Helb that Mr. Jessup's statement would make it clear that this Government assumed that the parties would in the future, as they have in the past, give careful consideration to any suggestions consistent with the *Renville* principles put forth by the Good Offices Committee in its efforts to find a solution to the dispute. I made it plain that this meant that, while we were not supporting the merits of a particular plan at this time, it did mean that we felt that all suggestions made by the Good Offices Committee, including the recent joint United States-Australian suggestion, should be carefully considered by the parties.

Mr. Helb stated that he understood our position completely and that he believed that Mr. Jessup's statement would have a salutary effect on the Council's discussion.

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<sup>1</sup> For text of Mr. Jessup's statement on June 23, see SC, *3rd yr.*, No. 89 (June 23), p. 32. The statement was quoted in telegram 289, June 24, 6 p. m., Usgoc 116, to Batavia.

501.BC-Indonesia/6-2348 : Telegram

*The Ambassador in the Netherlands (Baruch) to the  
Secretary of State*

SECRET

THE HAGUE, June 23, 1948—5 p. m.

387. In view possibility that GOC will (see Usgoc 109<sup>1</sup>) be able, acting unanimously, to present parties with plan consistent with *Renville* principles as basis agreement between Netherlands and Republic and in view fact Department studying detailed provisions Dubois-Critchley plan with view to formulating comments, Embassy submits its own preliminary comments. These are for Department's own information and not for repetition to Batavia, since it is believed that for comments to reach GOCUS from both Department and this Embassy would cause only confusion.

Embassy has obtained, on secret and personal basis, copy of proposal. Netherlands Government is making a careful study of its merits (Embtel 370, June 15 and Deptel 254, June 16<sup>2</sup>) and first reaction not completely unfavorable.

Embassy believes that in view current atmosphere Batavia, Department may find it helpful to allow this Embassy to discuss Department's comments when evolved informally with Netherlands Foreign Office in order obtain maximum clarification and harmony before new proposal is finally evolved by unanimous GOC. Embassy feels strongly that current proposal suffers from fact lack sympathy between GOCUS and Netherlands Delegates has prevented consideration Netherlands political problems, at least as worthy respect as those of Republic. In fact Embassy believes GOC, prior to evolving new proposal, could profitably visit this country, or at least send representative here to discuss situation with local experts and politicians.

Embassy believes principal feature of proposal consisting creation elected provisional government and constituent assembly is wholly desirable when favorable atmosphere created. Technically Republic has no more democratic foundation than allegedly Dutch created *Negaras* and *Daerahs*, with result currently Netherlands Government only party to negotiations enjoying advantages and disadvantages responsibility to democratic institutions and freely expressed public opinion.

Following specific comments presented with full realization limitations on value comments from this distance:

(1) Embassy agrees emphatically that "outstanding obstacle to settlement between Netherlands and Republic has been disagreement

<sup>1</sup> Telegram 265, June 16, p. 251.

<sup>2</sup> Neither printed.

between them as to who, in fact, is qualified to speak for Indonesian people". Proposed elections should remove this obstacle. However, generally speaking, Dubois-Critchley proposal presupposes GOC has decided this point in favor Republic. For example, Embassy notes proposal provides that immediately after parties have reached political agreement, which would provide for elections within 3 months, they are to proceed to constitute a number of joint commissions to work on problems of pre-election period. Would not acceptance by Netherlands of these commissions prejudice question of who represents Indonesian people in a way difficult for Netherlands Government to accept? It appears to this Embassy that some problems to be handled by proposed commissions might well be held in abeyance during pre-electoral period and then be turned over to commissions which would represent elected delegates on one hand and Netherlands on other hand, and others could be handled through existing negotiating machinery. It would, of course, be necessary to have joint electoral commission as soon as political agreement signed. Indonesian representatives on this commission could presumably be selected on geographic basis and should have benefit GOC cooperation as offered in proposal for working out of "electoral procedure".

(2) Question of division of powers in pre-USI period most complicated. Netherlands constitution and related legislation definitely limit powers which Hague Government can relinquish. Embassy understands Netherlands authorities preparing detailed working paper this subject. For further relinquishment of powers additional legislation having approval two-thirds States General would be required. Embassy suggests, however, that maximum transfer constitutionally possible in interim period might be made acceptable to Indonesian people on basis establishment time limits to which both Netherlands Government and constituent assembly would be expected adhere plus "gentleman's agreement" on Republic army and foreign relations. Embassy agrees with objectives set forth in Usgoc 105.<sup>3</sup>

(3) This Embassy does not see how detailed union statute can possibly be drafted by Republic and Netherlands delegates at present (see numbered paragraph (4) of Usgoc 105). Text of such statute would depend in part upon constitution of USI. Furthermore objections contained in numbered paragraph (1) above would also be applicable to drafting of union statute by Republican and Netherlands delegates alone. However, proposed principles for such statute contained in proposal seem most promising and represent perhaps maximum goal to be sought at present.

Essence of Embassy's thinking on this question is that agreement with Republic at this time should as far as possible be limited to agreement (a) for elections so as to give Indonesian people truly representative body with which to negotiate with Netherlands and to draw up constitution of USI; (b) to maintain truce arrangement with Republic; (c) to restore economic conditions in Republican area as soon as possible with cooperation NEI government; (d) on prin-

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<sup>3</sup> Telegram 250, June 8, p. 229.



ciples for union statute defining maximum Netherlands claims; and (e) reaffirmation adherence to Linggadjati and *Renville* principles.

In appraising this entire situation, Department will wish to bear in mind that regardless merits GOCUS analysis of Republic's worth and possibilities, there is strong feeling here that time favors realization Federalist concept. This is based upon (1) sense of economic progress in Netherlands areas and corresponding regression Republican areas; (2) allegedly great internal political difficulties in Republic; (3) belief that revelations Communist machinations in Far East will increasingly open eyes Western powers their real interests. Sense of urgency which caused Dubois to present US-Australian proposal even without Belgian concurrence simply non-existent here. Finally fact that it is generally believed elections here July 7 will result moderate gains in Rightist direction has bearing on possibilities of Netherlands policy.

BARUCH

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501.BC Indonesia/6-2348 : Telegram

*The Secretary of State to the Consulate General at Batavia*

CONFIDENTIAL

WASHINGTON, June 23, 1948—7 p. m.

286. Usgoc 115. Following is substance comments Neth Emb Wash on Dubois-Critchley plan. Pls comment.

1. First of 6 additional principles is interpreted by plan so as to leave nothing but "empty shell" of Neth sovereignty in interim period. Rep is maintained in its present position before the Constituent Assembly meets. Therefore a govt will be formed by that assembly which in practice will mean formation by Rep, and this govt will exercise fullness of governmental authority limited only by narrowly circumscribed veto of Gov Genl. This differs from Neth sovereignty envisaged during interim period. Both parties have accepted *Renville* principles without reservations; accordingly neither can in good faith call into question binding character those principles.

2. First of 6 additional principles provides that during interim period Neth may transfer certain rights, duties and responsibilities to prov fed govt. US-Aus proposal however makes acceptance by Rep of status of component state in Federation conditional upon almost full transfer of sovereign rights by Neth to prov govt, a transfer to Constituent Assembly which under present conditions would be elected in an atmosphere of constant intimidation on part of Rep.

3. Fourth of 6 additional principles is disregarded by calling into doubt significance of period before holding of plebiscites or the elections in lieu thereof. The interval necessary for preparation for elec-

tions is reduced to maximum of 3 months and no provision is made for necessary maintenance of law and order during this 3 months interval.

4. Plan disregards non-Rep Indonesians and non-Rep Indonesian organizations, who will be left at the mercy, during the interim period, of an interim govt which will as a practical matter be formed by a Rep-controlled Constituent Assembly.

5. Rep army as well as irregular combat troops acknowledging no allegiance to Rep (numbering according to Hatta some 460,000 men) will be left intact whereas Neth troops must be reduced and concentrated at a few points, thus leaving non-Rep Indonesians without protection.

Sent Batavia as 286, rptd The Hague as 270.

MARSHALL

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501.BC Indonesia/6-2448 : Telegram

*The Secretary of State to the Embassy in the Netherlands*

SECRET US URGENT

WASHINGTON, June 24, 1948—5 p. m.

273. Dubois advised Dept on June 23<sup>1</sup> that Army and Dutch physicians had discovered serious blood pressure condition which necessitated his early return US, stating he felt he had contributed all he could to solution Dutch-Indo Rep problem. Dubois said he was endeavoring to secure sea passage for July 8. He added Ogburn wished to return with him.

Dir FE telegraphed Livengood<sup>2</sup> to express to Dubois Dept's great concern his condition, very real appreciation personal sacrifices he has made to ultimate solution Indo problem and request he take it easy. Pointing out difficulty in relieving him by July 8 Dept asked Livengood to consult with Army physician and then with Dubois to determine possibility Dubois remaining few weeks longer if state of health permits. Livengood advised of Dept's particular anxiety that in no circumstances Dubois departure give rise to unfounded speculation that he returning at suggestion or request of Dept or on any other grounds save health.<sup>3</sup>

Dept told Livengood that Ogburn must remain to overlap his relief who will be despatched not distant future.

MARSHALL

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<sup>1</sup> Telegram 543, June 23, 8 a. m., from Batavia, not printed.

<sup>2</sup> Telegram 285, June 23, 7 p. m., to Batavia, not printed.

<sup>3</sup> On June 29 the Department's press release stated that Mr. duBois was sailing from Batavia on July 6 and had "made a very significant contribution to the solution of the Dutch-Indonesian problem at great personal sacrifice". His resignation became effective July 21. (501.BC Indonesia/7-148, 7-2148)

856e.00/6-2548 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

PRIORITY

BATAVIA, June 25, 1948—11 a. m.

559. [Gocus 322.] Re Department's inquiry respecting Netherlands position in carrying out of *Renville* Agreement, following to be noted:

(1) Article 2 of clarification truce agreement states if truce increasingly implemented and general situation continues develop favorably, demilitarized zones will, as matter course, be further extended. While military observers point out demilitarized zones constitute economic dead areas and recommend against extension, both Republic and GOC have urged extension to ease atmosphere, arguing that narrow zones regarded by population as no-man's land between poised armies and if enlarged would not be dead areas. Netherlands delegate has refused discuss, chiefly on grounds continued infiltrations by Republican soldiers across line. We believe illegal infiltrations inevitable so long as movement persons across line, particularly return of demobilized Republican soldiers to their homes, rigidly restricted, and that infiltration Republican agents for purposes espionage and political agitation also inevitable so long as normal political activities Netherlands areas outlawed.

(2) Article 5 of truce agreement states that pending political settlement, maintenance law and order in demilitarized zones will remain vested in civil police forces of parties, but that temporary use military police not excluded, it being understood police forces will be under civil control. Police in Netherlands demilitarized zones still largely under military control.

(3) Article 3 of truce agreement states establishment demilitarized zones in no way prejudices rights, claims or position of the parties under SC resolutions of 1, 25 and 26 August and 1 November 1947. In effect, Republic accepted truce placing territories containing half population Java, Madura and Sumatra under Netherlands control only on condition Republican claims to these territories would not be prejudiced by Netherlands action. Republic maintains, we believe justifiably, that Netherlands in setting up separate states these territories did not give pro-Republic sentiment real opportunity express itself. However, creation some form administration analogous state governments these territories was necessary if Indonesians to have opportunity participate in government pending final delineation states and we believe Netherlands action defensible so long as states so created retained purely provisional character. However, participation representative these states in Bandung conference, which official statements indicate expected lay foundations USI and union, and recent



announcement that Pasundan state to receive full powers as state in USI seem to us substantiate Republican charge that Netherlands has failed live up to key provision *Renville* agreement. (This connection, Republic seems on solid ground in affirming its obligation not expand foreign relations derives from provision for maintenance political as well as military *status quo* of Java, Madura and Sumatra rather than from first of six additional principles which can become operative only when political agreement signed and Netherlands, in compliance this principle, able state interval after which sovereignty to be transferred.)

(4) Article 6 of truce agreement and 5th of 12 principles provide resumption trade and economic activity throughout Indonesia soonest practicable. After 5 months, these provisions largely unimplemented. Agreement has been reached permitting limited volume trade in vicinity demilitarized zones. Such trade of significance only to local population. Agreement in principles on opening main highways and rail lines across *status quo* line has had no practical results. As regards far more important question of seaborne trade (between ports, Republican controlled territory, between Republican controlled territories, between Republican and Netherlands controlled territories, and between Republic and other countries) Netherlands has in effect maintained effective blockade against Republican areas of central Java and Bantam. In Sumatra, long coastline and proximity Singapore has for some areas modified effectiveness Netherlands naval control. However, population south Sumatra seriously affected. Agreement for partial lifting blockade, initialed in subcommittee June 15 but not yet finally approved, provides resumption seaborne trade under agreed upon system controls. It will remain operative only 1 month, unless agreement on air traffic signed meantime. Assuming this obstacle overcome, practical results will still depend manner administration. Agreement specifies ships trading Republican ports must call Netherlands ports at least on way in and gives Netherlands right insist value each outbound cargo be balanced by value incoming cargo, which may make whole procedure unworkable. Regarding results to be expected, following to be noted:

(a) In past, Netherlands authorities, including Netherlands navy which appears act with degree independence, listed even cotton textiles as contraband. Republic May 8 submitted 23 page list of items it requested permission import, including motor vehicles, textiles, tools, road and bridge reconstruction equipment, electrical equipment, maintenance items (soil, paint, etc.), paper and printing equipment. Netherlands delegate reply month later stated it would favorably advise Netherlands Indies Government with respect 14 items, comprising only bicycles and road building equipment.

(b) Three days after initialing seaborne trade agreement, Netherlands navy informed Netherlands Consul General Singapore of fort-

night suspension of sailing permits for Djambi, only important Republican port east Sumatra, in consequence Dutch patrol vessel being fired on.

(c) Ship now in Batavia harbor has been unsuccessfully trying since May 28 obtain official clearance unload cargo mapharsan (used in treatment yaws) consigned Inter-cross Batavia for use Bantam with assistance military observers although Dutch well aware critical need this drug Republic areas.

It only fair state that Netherlands regulations and Netherlands navy not alone responsible critical shortages important commodities Republican areas, but that in addition many practical obstacles to resumption trade are present.

(5) While full carrying out of commitments undertaken on board *Renville* could improve present situation no over-all change present difficult situation can be expected until agreement reached at least on main elements political settlement. No such agreement in sight. In Linggadjati agreement, Republic accepted establishment Netherlands authority over Borneo and East Indonesia in exchange Netherlands recognition Republican authority over Java, Madura, and Sumatra. In *Renville* Agreement, Republic surrendered to results police action by accepting, conditionally, extension Netherlands authority over Madura and economically most important areas Java and Sumatra, although extensive areas, including whole southern part west Java, had been occupied by Netherlands through military action after cease-fire order. No Republican government will, or indeed could, in political agreement accept extension Netherlands authority over remaining areas Java and Sumatra, as demanded by Netherlands under its interpretation 1st of 6 principles.

Sent Department 559; Department pass The Hague from Batavia.<sup>1</sup>

LIVENGOOD

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<sup>1</sup> This was done the same day.

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501.BC Indonesia/6-2548: Telegram

*The Secretary of State to the Consulate General at Batavia*

CONFIDENTIAL

WASHINGTON, June 25, 1948—noon.

291. Usgoc 117. Dept disturbed possibility precedent might be established by action GOC in telegraphing SC that Steering Committee meeting stalemated over procedural issue (addendum to GOC Report cabled June 22<sup>1</sup>). While this action fortunately did not prolong discussion Lake Success, Dept believes desirable keep to the ex-

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<sup>1</sup> Document S/850/Add.1, SC, 3rd yr., *Suppl.* (June). n. 150.

tent possible this and other contentious matters out of SC and hopes you can assist to this end.

Sent Batavia as 117, rptd The Hague as 275.

MARSHALL

501.BC Indonesia/6-2548 : Telegram

*The Secretary of State to the Consulate General at Batavia*

CONFIDENTIAL

WASHINGTON, June 25, 1948—2 p. m.

US URGENT

293. Usgoc 118. Following are pertinent portions letter addressed to Lovett by Van Kleffens June 22: [For text, see page 260.] Dept believes that Neth desire that GOC respect Hatta-Van Mook discretion (2nd para foregoing letter) should be favorably considered by GOC and that para 2 Gocus 320 June 23 should be considered in connection therewith.

At same time GOC as a body should, in Dept's view, continue work in effort to achieve unanimity (Usgoc 109 June 16). During this period BelDel may well get some indication from NethDel re modifications NethDel would wish to see incorporated in USDel-AusDel working paper.

Sent Batavia as 293. Repeated to The Hague as 277.

MARSHALL

501.BC Indonesia/6-2548 : Telegram

*The Secretary of State to the Embassy in the Netherlands*

SECRET

WASHINGTON, June 25, 1948—7 p. m.

280. Strictly confidential for Bonsal from Butterworth. Merle Cochran<sup>1</sup> who will return to Paris from Moscow July 1 will succeed Dubois. After he completes writing his inspection report in Paris he will proceed to Hague for few days consultation with Amb and you prior to returning here for about 1 week's consultation. This info is to be kept strictly to ourselves until decision made regarding release. Livengood and Dubois are being similarly informed.

I think it would be helpful if you acquainted Cochran with the ins and outs of the polit situation in Holland and go over with him your ideas as to detailed manner in which working paper would have to be modified to meet insurmountable Dutch objections. It seems to us that Cochran should have when he departs from Batavia detailed workable

<sup>1</sup> H. Merle Cochran, Foreign Service Inspector with rank of Career Minister.



proposals which in essentials this Govt could support as basis for agreed settlement. [Butterworth.]

MARSHALL

501.BC Indonesia/6-2848 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, June 28, 1948—noon.

569. Gocus 324. Re Usgoc 115.<sup>1</sup> (1) First of six principles provides Netherlands may confer appropriate rights, duties and responsibilities on a provisional federal government. Our plan suggests Netherlands [and] Republic both confer same rights et cetera on provisional federal government at same time, which seems fair. This could be done *pari passu*, parties first turning over control currency to such government, then control armed forces and TNI, but we believe simultaneous transfer all federal functions by both would prove most workable. Incidentally nothing in *Renville* principles makes establishment provisional federal government obligatory or throws any light on terms upon which Republic would acknowledge its authority. Respect exercise Netherlands sovereignty during interim period, our plan envisages that Netherlands sovereignty as no less than that Netherlands would have exercised over Java-Madura-Sumatra under Linggadjati, with *de facto* authority exercised by Indonesia provisional federal government.

(2) Regarding argument that Constituent Assembly will be formed by Republic, this is true to extent that majority delegates will be pro-Republic because prevailing sentiment Indonesians is pro-Republic. Objection that Republic would be maintained in present position before Assembly meets is irrelevant. Under Linggadjati, Republic would have represented four-fifths Indonesians. Under present setup, Republic includes only two-fifths Indonesians. If Netherlands contention true that Indonesians welcomed relief from Republic rule as result police action, the three-fifths Indonesians now outside Republic could be expected elect anti-Republic delegates with Republic having only minority in Constituent Assembly.

(3) Reference to "constant intimidation on part of Republic" as factor in elections presumably refer to elections in non-Republic areas. Prevention of intimidation would depend upon (one) vigilance Netherlands law enforcement agencies, and (two) assurance absolute secrecy ballot and full dissemination information on secret ballot. We believe second means would reduce effectiveness intimidation to mini-

<sup>1</sup> Telegram 286, June 23, p. 265.

mum. As previously stated, prestige accruing from Netherlands military successes and Netherlands distribution textiles, medical supplies and other goods and services should give Netherlands decided advantage in winning three-fifths Indonesia electorate away from Republic which, owing blockade, has so far had nothing offer electorate but hardships and freedom. Moreover, nothing we have seen here indicates Dutch likely encourage fair elections if this means giving pro-Republic sentiment opportunity to express itself. We believe intimidation by Republic agents will at least be balanced by various forms influence (not excluding police state tactics) exerted by Dutch.

(4) Charge that "plan disregards non-Republic Indonesians and non-Republic Indonesia organizations" not understood. Plan calls for provisional federal government elected without reference any groups or organizations. Division of Indonesians into Republics and non-Republics, fostered by Netherlands seems us as artificial as the Federalist versus Unitarians issue. Even Indonesians who would rather not be under Republic appear take pride in Republic as spearhead and champion nationalist cause. Schorr, who is least anti-Dutch of US correspondents here, states after return from Bandung that over half representatives non-Republic states he met are sympathetic Republic in varying degrees. (He also found considerable sentiment in favor US-Ans plan, chiefly because plan would bring TNI under control provisional federal government soonest and also bring Republic into provisional federal government, which they consider vital, visualizing day when, if Republic left out, Republic might wish settle accounts.)

(5) Criticism that plan makes no provision for maintenance law and order interim period can only mean that Netherlands Embassy envisages federal army (meaning Dutch troops) marching into Republic to put down irreconcilables. An Indonesian government which exercising real governing power and in which Republic fairly represented (as envisaged our plan) might conceivably request assistance Dutch troops in quelling uprising. Under any other conditions, further advance by Netherlands army will mean war. Netherlands with or without "Federalists" lacks military potential to impose stability on all Indonesia unilaterally. Its success to date even in non-Republic area is not too impressive, and if anything disorders appear increasing. Unless essentials our plan accepted, present condition law and order likely be most favorable Indonesia will see for long time.

(6) Our plan merely recommends parties agree shortening pre-election period to 3 months. If Netherlands hold out for 6 months, Republic would be forced accept. May be noted, however, provision for elections to follow from 6 months to year after political agreement

was taken from Christmas draft message and was meant to permit free discussion vital issues unimpeded by presence Netherlands forces which after political agreement were to be withdrawn to July 20 position. Provision drafted by Graham. Out of context Christmas message, it has no particular relevancy and would only serve delay creation USI. Netherlands Embassy fear elections could not be organized in 3 months contrasts with holding of Madura plebiscite and West Java election under Netherlands auspices about 10 days after first announcement.

(7) Assertion that under our plan 460,000 Republic combat troops would be left intact can only result from misunderstanding. Reduction Netherlands and Republic forces would be joint. We believe Republic would agree reduction TNI to 6000 to be under control provisional federal government.

(8) All Netherlands Embassy objections appear based on fact our plan does not promise eliminate Republic or guarantee Republic elements will not dominate Assembly. So long as Netherlands thinking in this vein, discussion is useless. Signed Ogburn.<sup>2</sup>

LIVENGOOD

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<sup>2</sup> Repeated to The Hague the same day.

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501.BC Indonesia/6-2848 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, June 28, 1948—3 p. m.

570. Gocus 325. Member USDel had illuminating talk June 26 with H. Adil Puradiredja, Prime Minister Pasundan State and chairman Bandung Conference. Adil said majority delegates Bandung favorably impressed by US-Aus plan, particularly provisions regarding Constituent Assembly. He said delegates most important states represented Bandung, especially Pasundan and East Indonesia, working on plan transform Bandung Conference, which at least not entirely undemocratic in origin, into provisional Senate of pre-federal government as off-set to present autocratic Provisional Federal Government of representatives handpicked by Van Mook. Next step would be formation new "pre-federal government of occupied areas". Delegation would be immediately dispatched to Republic, and with Republic's participation, pre-federal government of Indonesia would be set up. Its sole important function would be call for elections to Constituent Assembly. Whether Republic chose place its armed forces, foreign relations, etc., under pre-federal government or hold out until formation USI would be immaterial, according Adil. Indonesia's sole motive now was obtain sovereignty soonest. Any matters likely impede



such transfer would be dropped. Adil said there no interest in delineation states. He would accept anything Dutch proposed this respect with view settling question after USI sovereignty when full attention could be given desires populations various territories.

Adil admitted Bandung plan had only slightest chance success against certain Dutch opposition but observed that Indonesians now had nothing lose. If motion could be passed by Bandung Conference requesting conference be designated provisional senate as step toward democraticization Provisional Federal Government, action of Dutch in disapproving recommendation would at least reveal that Dutch pose as champions democratic Indonesia is only pose. Adil thought full publicity might possibly force Dutch accept recommendation, in which case cooperation with Republic could be quickly established, revealing baselessness Dutch contention that Indonesians divided in hostile camps. Asked if Republic was informed of these plans to extent it would not hit ceiling if pre-federal Senate formed at Bandung, Adil said he in continual touch with Hatta and Roem and counted on full Republican support.

Adil said original Dutch plan was to use "dependable" delegates at Bandung to lay foundations USI. Unmistakable evidence independence on part conference case quick change plan, with conference reduced to mere consultative body. First proof conference not to be dictated to was rejection Urin, member NethDel and Van Mook's candidate for chairman conference, and election Adil who is known Republican sympathizer. Dutch had previously tried block Adil's appointment as Prime Minister Pasundan, but Wiranatakusuma, head Pasundan state, had acted too fast; Adil said any action put before conference with Dutch backing was now automatically voted down.

Adil enlarged upon difficulties confronting Indonesians in occupied territories. Constant Dutch surveillance necessitated utmost circumspection in conduct political activities. Adil said all his mail read by Netherlands, that political discussions dangerous since it never certain who might be Dutch agent. He has Dutch spies every department his government. There even Dutch spies every ministry Jogja. Common Dutch practice is make summary arrests without charges, hold victims for few days, then release them with warning. (This connection, Republican Delegation has informed GOC Dutch have closed all offices plebiscite movement Krawang, while Budiardjo says all leaders plebiscite movement in Cheribon now in jail.)

Adil remarked he expected outbreak local disorders for few days beginning July 17 since many Indonesians had got idea there would be plebiscite 6 months after *Renville* Agreement and were determined have it. Regarding apparent increase acts violence in Pasundan territory, Adil said Indonesians if left to themselves would have no

trouble maintaining order but that so long as Dutch troops present, constant provocation to violence would exist. Asked if most Indonesians non-Republican areas were pro-Republican, Adil replied this was like asking if most citizens US were pro-American.

Adil said any chance success Bandung plan would be lost if leaked to Dutch. If plot could be put through, Netherlands-Republican dispute would disappear and Netherlands if it wished negotiate political agreement could negotiate with representatives all Indonesia. Signed Ogburn.

LIVENGOOD

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501.BC Indonesia/6-3048 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

BATAVIA, June 30, 1948.

575. Gocus 326. Following telegram sent SC by GOC: [For text of telegram, June 29, see SC, 3rd yr., *Suppl.* (July), page 11 (document S/858).]

In statement at Steering Committee, Roem also said, as quoted GOC press release, that during 5 months since *Renville* Agreement no progress made in negotiations while Republic has been presented with series of *faits accomplis* which have seriously prejudiced Republic position, including setting up of new states Madura and West Java, creation so-called provisional government and present conference Bandung under Netherlands auspices. He added that Republic cannot help wondering what further *fait accompli* may be contemplated while negotiations held in abeyance and that Republic has been suffering from economic blockade which has been intensified in recent months and which has prevented vital trade not only with outside world but even as between Republican territories.

Press release also quotes Riphagen as expressing hope that no further attempt would be made to have Working Paper discussed since, in his opinion, such efforts would only contribute to hampering negotiations. Signed Ogburn.

LIVENGOOD

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501.BC Indonesia/6-3048 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, June 30, 1948—4 p. m.

577. Gocus 328. 1. GOC considered it had no choice but report to SC substance yesterday's Steering Committee meeting (Gocus 326<sup>1</sup>)

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<sup>1</sup> *Supra.*

resulting final deadlock on question discussion US–Aus working paper since question was left open in last report to SC and because Republic was certain any event bring matter SC's attention. Moreover, GOC cannot indefinitely conceal from SC fact that no negotiations toward political agreement taking place. While Dutch will blame breakdown on submission US–Aus working paper, fact is that prior submission paper parties were proving not even able agree on text report setting forth areas of disagreement on political settlement. It difficult see how political negotiations can be resumed since there appears to be nothing for parties to discuss. Netherlands working papers so far submitted provide no possible basis for political agreement while as The Hague's 368, June 15<sup>2</sup> points out, no significant reconsideration Netherlands position likely until at least August 1, even supposing Netherlands genuinely seeks negotiated settlement and would ever seriously reconsider its position. Other hand, Republic regards US–Aus working paper as its only hope and according Antara dispatch June 28 plans send Sjahrir to Lake Success to defend Republican standpoint regarding working paper. Had working paper not been submitted, Republicans would have continued maintain previous position, which equally unacceptable to Netherlands.

2. Re penultimate paragraph Usgoc 118,<sup>3</sup> GOC has no intention interfering any way with talks Hatta and Van Mook. However, we understand Hatta believes nothing useful likely come from talks and we increasingly convinced talks were initiated by Van Mook chiefly to forestall any GOC suggestion and to keep GOC quiet by maintaining illusion of progress toward agreement pending holding Netherlands elections.

3. Re last paragraph Usgoc 118 and Usgoc 109,<sup>4</sup> we foresee no possibility of GOC as whole submitting new proposals for political agreement unless Department persuades Belgium and/or Netherlands accept essentials US–Aus paper. Unanimity within GOC on any major issue presupposes agreement parties. While there was initially strong evidence Herremans prepared to [go] along with US–Aus working papers, this possibility vanished when Vredenburg got hold of him. Modifications in working paper which BelDel may propose on Netherlands initiative would undoubtedly bring paper in line with consistent Netherlands position which neither AusDel nor USDel considers compatible with workable, realistic solution.

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<sup>2</sup> Not printed, but see telegram 511, June 16, from Batavia, p. 250.

<sup>3</sup> Telegram 293, June 25, p. 270.

<sup>4</sup> For latter, see telegram 265, June 16, p. 251.



4. Presentation US-Aus working paper June 10 had immediate effect lessening dangerous tensions. Failing any constructive outcome, such tensions almost certain start building up again. Signed Ogburn.

Sent Department 577; Department pass The Hague.<sup>5</sup>

LIVENGOOD

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<sup>6</sup> This was done the same day.

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501.BC Indonesia/7-648 : Telegram

*The Secretary of State to the Consulate General at Batavia*

SECRET

WASHINGTON, July 6, 1948—7 p. m.

320. Usgoc 119. Reports from Lake Success reach Dept to effect that Critchley preparing new action designed to surmount present impasse negotiations. Dept uninformed character such action. In order to avoid prejudice position new USDel and for other reasons Dept hopes you will reserve your position Aus suggestion pending Dept's receipt details and your receipt Dept's comments thereon.

MARSHALL

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501.BC Indonesia/7-748

*Memorandum of Conversation, by the Chief of the Division of Southeast Asian Affairs (Reed)*

CONFIDENTIAL

[WASHINGTON,] July 7, 1948.

Participants: Dr. Eelco N. van Kleffens, Netherlands Ambassador  
 Dr. Nico S. Blom, Special Advisor to the Netherlands  
 Minister for Foreign Affairs  
 Mr. W. Walton Butterworth, Director, FE  
 Mr. Charles S. Reed II, Chief, SEA

The Netherlands Ambassador called to introduce Dr. Nico S. Blom, Special Advisor to the Netherlands Minister for Foreign Affairs, who had come to the United States to present the Netherlands Government's views regarding the Dubois-Critchley working paper. To this end Dr. Blom had prepared two papers: the first, and longer, setting forth his Government's criticisms of that working paper, and the second incorporating that Government's views as to the changes and alterations which appeared desirable as well as making concrete suggestions for the settlement of the Indonesian problem. Both the Ambassador and Dr. Blom stated that the latter would be more than

pleased to discuss the points raised in either or both of the papers and that he was at the entire disposition of the Department for this purpose. They were informed that these papers would be of considerable interest and value to the Department and that, after completing a study thereof, advantage would be taken of Dr. Blom's presence in Washington to confer with him regarding the Netherlands Government's negative and positive suggestions.

In this connection Dr. Blom mentioned that he hoped to return to The Hague within a week or ten days as his Minister desired him to be there during the formation of the new Netherlands Government following the elections. Apropos of this the Ambassador said that the formation would proceed slowly as many parties had to be consulted and a certain amount of "dickering" had to be done. This was especially true, he added, in view of the existence of many questions connected with the Indonesian problem and because constitutional changes are necessary for a settlement of that problem, all of which would call for negotiation and compromise.

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501.BC Indonesia/7-1048: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, July 10, 1948—5 p. m.

607. Gocus 335. 1. Re Usgoc 119,<sup>1</sup> Critchley has for 2 weeks been trying get GOC ask SC for new instructions view cessation political negotiations between parties. US delegate not aware any other action he has in mind designed surmount present impasse. He apparently has given up hope political agreement and favors withdrawal GOC by SC but does not wish admission impotence to come from GOC.

2. Five meetings steering committee and six meetings main committees held since June 1. Latter, which normally would have met 24 times this period, have been concerned solely carrying out provisions truce and have reached no important agreements. Political committee has not met since May 28.

3. GOC at steering committee meeting July 9 raised question future course political negotiations. Republican delegate maintained view US-Australian working paper provided basis for resumption negotiations. Elink Schuurman, who has replaced Vredenburg, stated Netherlands would not be in position make important decisions until Netherlands Government reorganized on basis results elections, consultations Vredenburg at Hague completed and conclusions reached

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<sup>1</sup> Telegram 320, July 6, p. 277.

in talks Hatta and Van Mook. Republican delegate noted these talks suspended and there no assurance they would be resumed.

4. Roem in talk US delegate said original Bandung conference dead. He had discussed with Prime Ministers East Indo and Pasundan plans made by leaders non-Republican areas to convene another Bandung conference for purpose requesting Netherlands agreement to essential points US-Australian plan, not of course to be identified as such. Since such conference could not be held except on lines acceptable Van Mook, he had little hope such objectives could be realized and thought only outcome developments non-Republican areas would be construction Netherlands-dominated pre-federal government along lines NEI Government statement July 3 (Gocus 332<sup>2</sup>) in which Republic could not participate. Republic reluctant attempt coordinate too closely with Indos non-Republican areas owing likelihood increasing difficulties their position vis-à-vis Dutch. He stated Sjahrir considered speech by US representative in SC July 1<sup>3</sup> an encouragement to resumption police action but that he himself did not agree, especially in view implied support for Dubois. He also said if he had means guaranteeing to population Republic that Netherlands would not resume hostilities, and particularly if relaxation economic blockade could be obtained, he would view future with equanimity, regardless Netherlands progress in constructing USI without Republic. Any event, he viewed long range future with complete confidence. Signed Ogburn.

Sent Department 607; pass The Hague.<sup>4</sup>

LIVENGOOD

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<sup>2</sup> Telegram 594, July 6, not printed.

<sup>3</sup> For statement by Mr. Jessup, see SC, 3rd yr., No. 91 (July 1), p. 27.

<sup>4</sup> This was done the same day.

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856e.00/7-1248

*Memorandum Prepared for the Under Secretary of State (Lovett)*<sup>1</sup>

SECRET

[WASHINGTON,] July 12, 1948.

Subject: Function of the Good Offices Committee in Indonesia

There is considerable evidence that the thinking of the Dutch Government concerning the Indonesian problem is crystallizing into a

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<sup>1</sup> Drafted by the Acting Assistant Chief of the Division of Northern European Affairs (Nolting) and submitted by the Deputy Director of the Office of European Affairs (Reber), the Director of the Office of Far Eastern Affairs (Butterworth), and the Director of the Office of United Nations Affairs (Rusk).



formula which, in our view, raises the problem of whether or not this Government should continue its participation in the Good Offices Committee.

There has recently been completed by officers of the Department a redraft of the DuBois-Critchley working paper. The original DuBois-Critchley paper was presented to the two parties last month as a basis for a political settlement, and was rejected by the Dutch. It is our opinion that the paper as redrafted constitutes a proposal which the Good Offices Committee as a whole, and both parties to the dispute, can be induced to accept, provided the United States Government takes a stand firmly in support of it, and provided further that the Dutch Government does not meanwhile commit itself irrevocably to a different course of action.

Recent Dutch elections reveal a slight shift to the right, the result of which will be to make it more difficult for the Dutch Government to accept further compromise with the Indonesian Republic. The working paper of DuBois and Critchley, as revised, will undoubtedly require of the Dutch further compromise, and a certain flexibility in negotiation which is at present lacking. It appears from recent reports that the Dutch have in mind a plan for settlement and a procedure which may, if adopted, make the function of the Good Offices Committee simply that of a salesman for the Dutch proposal. (See final paragraph of attached memorandum from Dr. Blom, Special Advisor to the Netherlands Foreign Ministry.<sup>2</sup>) Moreover, the plan which the Dutch apparently have in mind may be presented only after the new Netherlands Government has committed itself thereto and has secured legislation which will enable it to carry the plan through. Regardless of the merits of the Dutch plan (the details are not yet known and presumably have not yet been formulated), it is our considered opinion that the Republic will not accept a settlement unless it originate with and be offered by the Good Offices Committee. The problem is then essentially whether we should attempt to forestall the crystallization of a program by the Dutch, such an attempt being based on our estimate of the chances of acceptance of such a plan by the Republic.

The ideal solution, of course, would be for the Dutch and the Republic to settle their dispute between themselves. The Dutch apparently believe that they can do this. Our representatives on the spot believe that they cannot, and that the attempt to do so will result in partition of the islands and possibly in eventual civil war.

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<sup>2</sup>Memorandum not found attached to file copy.

As you know, we are planning to send a new team to Batavia by the end of this month. Before these men depart, it would seem to us essential that you have a talk with van Kleffens along the following lines:

(a) That the United States has assumed from the beginning, in undertaking this onerous and generally unpopular task, that we were in Java at the request of both parties to assist with a solution which could not be achieved without our mediation.

(b) That considering our relations with the Netherlands in connection with the Western European Union, the ERP, and other spheres in which we are partners, it is a matter of more than passing interest to us to help promote a settlement in Indonesia which will be both lasting and beneficial to the Dutch as well as the Indonesian peoples.

(c) That the ends which our two Governments have in view appear, from the record, to be very similar; but that we seem to place different evaluations on the means to achieve the end result set forth in both the Linggadjati Agreement and the *Renville* Agreements.

(d) That the Netherlands Government appears now to feel that it can reach a settlement on its own initiative, with the role of the Good Offices Committee limited to inducing the Republic to accept a new Dutch proposal.

(e) That we, on the other hand, feel—however much we may regret this conclusion—that any proposal originating with the Dutch, or with the Bandung Conference, will not gain the acceptance of the Republic, even though the Good Offices Committee should attempt to sell it.

(f) That we regard a partition of the Archipelago as an undesirable last resort, which will result in an unstable situation and an economic drain on both the Netherlands and the United States for many years. That furthermore, in such an event we would be unable to restrain our nationals from direct trade with the Indonesian Republic.

(g) That we wish to give the Netherlands Ambassador our views at this time, cognizant of the constitutional and political difficulties with which the new Netherlands Government will be faced, in the hope that a frank exchange of views may prevent the adoption of a position which in our opinion would render the operations of the Good Offices Committee unsuccessful.

(h) That we would be glad to discuss informally with Netherlands representatives our ideas of the type of settlement which we believe is attainable through the Good Offices Committee.

In making the remarks suggested above, you will, of course, realize that if the Dutch accept our advice we will have assumed greater responsibility for obtaining a settlement than we have borne heretofore. We nevertheless recommend such a course for reasons set forth above.

856e.00/7-1348

*Memorandum of Conversation, by the Under Secretary of State  
(Lovett)*

SECRET

[WASHINGTON,] July 13, 1948.

Participants: Dr. E. N. van Kleffens, Ambassador of the Netherlands  
Dr. Nico S. Blom, Special Adviser on Constitutional  
Law to the Netherlands Foreign Office  
Mr. Robert A. Lovett, Under Secretary of State  
Mr. W. S. B. Lacy, SEA  
Mr. Frederick W. Nolting, Jr., NOE

The Netherlands Ambassador called to present Dr. Nico S. Blom, Special Adviser on Constitutional Law to the Netherlands Foreign Office. In the course of conversation, I told Dr. van Kleffens that I found the present state of affairs in Indonesia very unsatisfactory since it appeared to me that little progress had been made in negotiating a final political settlement during the past several months. I pointed out that it appeared to me that the areas of disagreement separating the Netherlands and the Indonesian Republic had increased in late weeks and that the position of the Republic had so hardened that I thought it highly unlikely that it would accept any proposal for a final solution which the Netherlands might be able to offer on its own initiative. I stated my view that since neither party appeared to be prepared to accept a proposal offered by the other, a compromise solution seemed called for and that such a compromise solution could be offered only by the GOC. Dr. van Kleffens and Dr. Blom appeared to agree, Dr. Blom stating that he understood that his government intended to present any proposal they had in mind first to the GOC for its comments; from further conversation it appeared that the Netherlands Government plans to continue its efforts to reach a settlement through negotiations under GOC auspices.

I expressed my concern that the Netherlands Government avoid "freezing upon a course of action" through the adoption of legislation, the effect of which would be to present the Netherlands Delegation at Batavia with a position from which they would be unable to recede in the course of negotiations before the GOC. Messrs. van Kleffens and Blom assured me that the Netherlands Government had no such intention; that the contemplated legislation was permissive in character only; and that the Cabinet was fully aware of the importance of leaving its delegation at Batavia sufficient latitude for negotiation.

I told Dr. van Kleffens that I was aware of the desire in some Netherlands circles to proceed with the formation of a federation of states in Indonesia with or without the Indonesian Republic. I pointed out to Dr. van Kleffens that such a program was tantamount to partition of



the area. I said that the Department regarded such contingency as highly undesirable since in our opinion the preservation of the unity of the entire archipelago was extremely important not only to the Indonesian Republic but to the Dutch people and the rest of the world. Dr. van Kleffens and Dr. Blom said that it was the policy of the Netherlands Government to preserve the unity of the area and that while plans for partition of the area had been seriously considered by many Netherlands, as well as many non-Republican Indonesians, his government regarded this course of action as one of last resort. Dr. Blom added that the stimulus for this program came for the most part from the non-Republican Indonesian groups, which, he said, were continually pressing the Netherlands to take police action against the Republic. I asked Dr. van Kleffens if he considered the partition of Indonesia a practical program. After some discussion Messrs. van Kleffens and Blom appeared to be unwilling to abandon the position that such a partition could be carried out if necessary.

I reminded Dr. van Kleffens that I regarded the final objectives of the Netherlands and the US Governments in Indonesia to be similar and in many respects coincidental; and that the US Government like the Netherlands Government was eager that a solution be reached, based on the *Renville* principles. I asked his serious consideration of the probability that a final solution would require certain concessions to the realities of the situation at the expense of an ideal solution. Messrs. van Kleffens and Blom appeared to accept this view with sympathy and reiterated their understanding that it was in no sense the intention of the Netherlands Government to freeze upon a course of action in advance of negotiations about to be undertaken by the GOC.

In the course of general discussion it appeared to me that there was no great difference between the positions of the US and the Netherlands Governments in respect of the procedural approach to the achievement of a final settlement; it appeared that in respect of the substance of a plan which might be mutually acceptable to the Republic and the Netherlands, some areas of difference separated the Netherlands' view from that embodied in the revised Dubois-Critchley proposal.

[ROBERT A.] L[OVETT]

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501.BC Indonesia/7-1648 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, July 16, 1948—10 a. m.

619. Gocus 337. GOC July 12 discussed with delegations of parties whole field of restrictions on trade between Republic and other areas in

preparation for drafting report to SC. Discussion was based preliminary GOC paper outlining subject. Five hour meeting was among most illuminating held so far and suggests progress which could probably be made in defining and reducing areas disagreements on political questions had Dutch been willing accept US-Australian working paper as basis comprehensive discussions. Dutch appeared prepared relax present restrictions on trade in several important respects. Van Hoogstraten indicates willingness meet at least partially main Republic objections to agreement on sea traffic initialled in subcommittee June 15 and rejected by Republic (Gocus 322<sup>1</sup> paragraph 4), particularly in extending time agreement to run even if no agreement obtained on air traffic and in providing for joint Netherlands-Republic inspection cargoes bound to and from Republic at both Netherlands and Republic ports. Netherlands delegation also taking somewhat more liberal attitude toward list of transport and reconstruction equipment which Republic requested permission import May 8 (paragraph 4 A) and in new offer to Republic has listed 25 million guilders worth reconstruction equipment, including 200 trucks and 150 motor cars which Republic may be authorized import. Van Hoogstraten offered discuss with Djuanda raising figures on motor vehicles which very low respect Republic's needs. Transport situation Republic growing so desperate that military observers in east Java report they unable any longer adequately perform their duties. (Dutch so far have not acceded to requests for vehicles for use military observers or even for tires for Republic vehicles used by military observers.) USDel assumes Netherlands willingness make some concessions respect trade restrictions results not only from SC interest in question but from conversations Washington.

While meeting featured initial sharp recriminations, fairly friendly atmosphere soon established. This connection, must be stated that despite extremely discouraging aspects present circumstances, temper of meetings is probably less tense and hostile than in past. In part improved atmosphere is ascribable still continuing effect US-Australian working paper, which apparently relieved acute Republic jitters and gave Republic delegation more confidence, but change for better is also undoubtedly due departure Vredenburg, whose intolerance, antagonistic bearing and unalterable policy never to make concessions convinced Republic it was dealing with implacable foe. Apparent eclipse of Riphagen, who equally unyielding and intolerant of Republic, has also helped. Signed Ogburn.

Sent Department 619; Dept pass Hague from Batavia.<sup>2</sup>

LIVENGOOD

<sup>1</sup> Telegram 559, June 25, p. 267.

<sup>2</sup> This was done the same day.

501.BC Indonesia/7-2148

*Memorandum of Conversation, by the Acting Assistant Chief of the  
Division of Southeast Asian Affairs (Lacy)*

CONFIDENTIAL

[WASHINGTON,] July 21, 1948.

Mr. Helb called to place me in receipt of the substance of a telegram received by the Netherlands Embassy, Washington, from Dr. Nico Blom, Legal Adviser to the Netherlands Foreign Office. He asked that I regard the transmission of the information as confidential and personal.

Dr. Blom advised Dr. van Kleffens that :

a. the Netherlands Prime Minister had expressed his hope that the US delegate would begin to prepare, upon his arrival at Batavia, a working paper acceptable to both sides which would provide a practical basis for a final settlement of the Netherlands-Indonesian Republican Dispute;

b. the Netherlands Government hoped that such a working paper would be fully discussed by all three members of the GOC and would ultimately receive the unanimous concurrence of that body;

c. at the appropriate time either party, including the Netherlands, might request the GOC to offer a compromise settlement which would embody the principles in the US working paper;

d. the Netherlands assumed that any working paper offered by the US delegation would include at least the two following principles— (1) the preservation of Netherlands sovereignty in the interim period, and (2) a provision that the existing body of Netherlands Indies law would be administered during the interim period;

e. the Prime Minister thought about two months would be required to reach a final settlement;

f. the Netherlands Government would pass no legislation which would prejudice the freedom in negotiation of its delegation before the GOC.<sup>1</sup>

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<sup>1</sup> On July 22 the Netherlands Ambassador gave the Director of the Office of Far Eastern Affairs (Butterworth) an unsigned, undated note "which merely repeated what Mr. Helb, Counselor of the Dutch Embassy, had communicated to Mr. Lacy of SEA on July 21" (memorandum of conversation, July 22; 856e.00/7-2248). Note not printed.

501.BC Indonesia/7-2148: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, July 21, 1948—4 p. m.

636. Gocus 339. Negative attitude Republic at latest committee meetings indicates it has given up hope political agreement through GOC as currently empowered. We advised Sastroamidjojo and Pringgo Digdo we thought stalemating of discussion subsidiary matters by Republic was ill-considered strategy and would only put Re-



public in bad light. Latter denied this was Republic strategy but asked us see Roem soonest. (Roem now ill.) Former said there no point continuing talks indefinitely without progress toward political settlement. US delegation believes Republic has decided only SC action can produce settlement. Failing decisive SC action, Republic will brace self for renewed Netherlands military action. Fact is, without strong intervention third party, resumption hostilities appears inevitable. Question who is to govern Indonesia, which is basic issue, is beyond power GOC alone resolve. Under no conditions will Republic Indonesians submit to Netherlands authority. Cannot be overstressed that Republic has in fact been independent since 1945 and like any independent country will fight before accepting control by foreign power. Government would indeed have no choice but reject proposals which would subordinate Republicans to authority NEI Government in whatever form. Same time, Netherlands gives no indication being prepared abandon its aim of bringing Republic under full authority pre-federal government in which Netherlands will retain overriding power before considering transfer of sovereignty.

Recent news from Batavia and Bandoeng indicates Dutch proceeding with plan build pre-federal government without Republic, which is, in fact, virtually only course open them unless they prepared attempt eliminate Republic by force soonest or permit Republic retain self-governing powers pending formation truly self-governing all-Indonesian Government. However, Dutch are faced with serious dilemma. Despite talk of creating USI without Republic, Dutch cannot give governments non-Republican areas real powers without enabling such governments make common cause with Republic, which they extremely apt do. Other hand, if Dutch proceed too slowly in granting self-government, or even transferring sovereignty, Nationalist pressures in non-Republic areas may reach explosion point. Nationalist or pro-Republic feeling is unquestionably strong in Netherlands controlled East Java and East Indonesia (which is practically ready adopt slightly modified Republic flag) but greatest danger for Dutch is in West Java Pasundan state, of which both President and Prime Minister are Republic adherents and where popular support for Republic appears particularly strong. Unless Dutch prepared give into Nationalist forces in both Republic and non-Republic areas, military suppression of such forces would appear only alternative. Should restiveness non-Republic areas continue increase, perhaps requiring intensified military action West Java, logic would dictate advance on Jogja in effort cut off Nationalist movement at main source.

Appearances are that Dutch already discovering formation "loyal" USI even without Republic may not be easy.

While Dutch in difficult position, evidence indicates increasing strains on present Republic Government which has been unable in course 7 months obtain political settlement satisfying pent-up Nationalist aspirations. Government moreover is faced with increasing economic difficulties while with deterioration transport and communications equipment it must be encountering growing difficulties in maintaining administrative control all areas. Although Republican leaders continue display confidence, probably based on conviction they can make Indonesia too hot for Dutch in long run (which they can), it difficult see how present Republican government or *Renville* Agreement can long withstand these strains. Should Hatta prove unable control situation, only left wing elements, particularly elements which profit from increasing disorders, can benefit. Meanwhile, conviction of imminence further police action appears once more growing among peoples Republic.

Many elements immediate situation unclear. There appears remain however as constant and most dangerous factor persistent Dutch belief that if they can bring about collapse Republican Government through political and economic squeeze or drive it into hills by military force, Indonesians will turn to them, although analogies other areas leave little doubt Indonesian Nationalists would in such circumstances turn to extremist, including Communist, leaders and that Chinese Communists from Singapore would find abundant opportunities for exercise their organizational talents in ensuing disorders. This connection, every SC debate on Indonesia probably wins thousands new converts to USSR here. Sign now over main street Jogja erected by left-wing party urges adherence to Russia while opposes Dutch colonialism. However, owing western orientation majority Indonesian youth and intellectuals and Moslem faith population, trend to left may still be reversed.

Time running short. Present trends appear lead in direction increasingly unsettled conditions, resumption hostilities and perhaps eventually to chaotic conditions and Communist ascendancy Nationalist movement. GOC now apparently bankrupt. Quite possible no more committee meetings, except perhaps security committee, will be scheduled after this week unless situation radically altered by introduction some new elements. Will be increasingly difficult delay report to SC of complete failure. Signed Ogburn.

Sent Department 636; Department pass The Hague.<sup>1</sup>

LIVENGOOD

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<sup>1</sup> This was done the same day.

501.BC Indonesia/7-2148 : Telegram

*The Secretary of State to the Consulate General at Batavia*<sup>1</sup>

SECRET

WASHINGTON, July 23, 1948—noon.

340. Usgoc 122. Dept considers reference controversial matters to SC (last sentence final para Gocus 339 Jul 21) highly undesirable because SC discussion such matters could seriously prejudice success of negotiations before GOC which Dept expects will be renewed on full scale upon Cochran's arrival Aug 9. Endeavor therefore postpone report to SC until Cochran's arrival.<sup>2</sup> Scott will arrive Aug 3 with full explanation.

MARSHALL

<sup>1</sup> Repeated as telegram 336 to The Hague.<sup>2</sup> For two telegrams to the Security Council from the GOC on July 23 and 24, see SC, 3rd yr., Suppl. (July), pp. 89, 90. These were reported in telegrams 642, July 25 (Gocus 342), and 643, July 25 (Gocus 343), from Batavia.

501.BC Indonesia/7-2348 : Telegram

*The Secretary of State to the Consulate General at Batavia*<sup>1</sup>

SECRET

US URGENT

WASHINGTON, July 23, 1948—7 p. m.

NIACT

347. Usgoc 125. Aneta reports that Rep has broken off negotiations before GOC. If this report true, pls advise Hatta that US Govt finds this development great disappointment since (a) it believes negotiations before GOC offer best prospect settlement of Dutch-Indo Rep dispute and (b) new US delegate to GOC on point of departure US for Indonesia. Emphasize to Hatta US Govt's determination to support GOC with every appropriate facility at its disposal and its conviction that full-scale negotiations before GOC can and should be resumed directly on arrival US delegate.

Dept has learned that Indo question suddenly scheduled for SC Tues Jul 27. It is possible that Rep hopes by this maneuver to oblige GOC to report failure and to refer dispute in this manner to SC. If you believe this is true pls tell Hatta that this Govt's position continues to be that SC unprofitable locus for negotiating solution of Indo problem and that it will be unable to support any efforts to refer dispute to that body for negotiation.

Pls endeavor to persuade Rep immediately to instruct its del Lake Success to the end that SC may be advised that negotiations have not been broken off and that GOC far from facing failure, has excellent prospect of success.

<sup>1</sup> Repeated in telegram 342, July 26, 5 p. m., to The Hague.



For your info and possible use if deemed absolutely necessary Dept has secured adequate assurances from Neth Govt of its intention to resume full-scale negotiations before GOC shortly after Cochran's arrival.

MARSHALL

501.BC Indonesia/7-1948: Telegram

*The Secretary of State to the Embassy in Pakistan*

RESTRICTED

WASHINGTON, July 23, 1948—8 p. m.

287. Urtel 378-A, July 19.<sup>1</sup> Pls advise MinFonAff in manner you consider appropriate Dept's position in respect present situation Indonesia. US Govt shares desire Pakistan Govt that peaceful mutually satisfactory settlement Dutch-Indonesian Rep dispute be achieved at earliest possible moment, whether under auspices GOC or through direct negotiations between parties. Dept does not believe that Neth rejection US-Aus working paper brings negotiations to permanent standstill. NethDel at present time seeking new instructions at Hague. New US delegate to GOC has been appointed and will arrive in Java in early Aug. Dept believes that substantive negotiations can be resumed before GOC in Aug with prospects of successful conclusion in not distant future.

Pak Emb Wash presented to Dept *aide-mémoire* similar urtel 378-A. Emb informed verbally foregoing info.

MARSHALL

<sup>1</sup> Not printed.

501.BC Indonesia/7-2648: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET

BATAVIA, July 26, 1948—4 p. m.

653. Abbey saw Hatta evening July 25 and communicated gist of Department's telegram,<sup>2</sup> except last paragraph. Hatta confirmed suspension political negotiations only to last until Dutch Cabinet resumed. He fears that it may be some time before Dutch Cabinet can be formed. He appeared to understand Department's position fully. With regard to Tuesday's meeting SC, Hatta said Palar already fully informed and instructed. He reiterated this when queried again later

<sup>1</sup> Repeated in telegram 344, July 27, 6 p. m., to The Hague.<sup>2</sup> Telegram 347, July 23, p. 288.

in conversation, the indication being Palar will not submit any untoward statement in the premise.

Hatta expressed concern for immediate signing of agreements, appeared more affable and expansive than usual.

LIVENGOOD

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856e.00/7-2748

*Memorandum of Conversation, by the Director of the Office of Far Eastern Affairs (Butterworth)*

CONFIDENTIAL

[WASHINGTON,] July 27, 1948.

Participants: Mr. R. K. Nehru, Chargé d'Affaires ad interim of India  
Mr. W. Walton Butterworth, Director, FE  
Mr. William S. B. Lacy, SEA  
Mr. Charles W. Adair, Jr., Acting Assistant Chief,  
SOA  
Mr. Joseph S. Sparks, SOA

Mr. Nehru called at his request. Referring to his Government's great interest in the political situation throughout Asia and in a peaceful settlement of the Dutch-Indonesian Republic dispute in particular, Mr. Nehru asked the Department's views on the prospects for success of the negotiations before the GOC. He said that his Government regarded the US-Australian proposals as offering a practical basis for a just and viable settlement of the dispute and considered that the Netherlands should be persuaded to discuss them.

I pointed out that the US-Australian proposals were embodied in a working paper which had been offered both parties on an informal, personal basis; that, therefore, those proposals had no official status, not having been offered by the GOC. I reminded Mr. Nehru that the Netherlands had rejected the proposals on both substantive and procedural grounds, but that it seemed to me that the really compelling reason for the Netherlands' rejection of the working paper lay in the fact that the Netherlands had been on the eve of an election in which the parties of the right would have made political capital of any new proposals.

Mr. Nehru said that his Government viewed with great concern that policy of the Netherlands Government, the purpose of which seemed to be the fragmentation of Indonesia. He said his Government understood that the Netherlands were preparing to establish a United States of Indonesia without the participation of the Republic. He said that his country's experience of partition was sufficiently unpleasant to make his Government particularly anxious that partition not take

place in Indonesia, with which country India had enjoyed particularly close and cordial relations. I replied that the US Government was aware of no plans which postulated the partition of Indonesia and that my Government shared the view of the Government of India that such partition would be highly undesirable. I referred in this connection to the *Renville* Agreements, the history of which I recounted briefly, and pointed out that strict compliance by both parties with the letter and the spirit of the *Renville* Agreements would obviate the possibility of a partition of Indonesia, since the *Renville* Agreements contemplated the formation of an interim government and of a USI, in both of which the Republic and all other parts of Indonesia would participate as constituent states. I pointed out that both sides had shown on occasion a lamentable inclination to interpret compliance with the *Renville* Agreements somewhat liberally, and that on such occasions the US Government had been concerned to discourage such lapses from both the letter and spirit of those agreements.

I assured Mr. Nehru that the Department believed that full scale negotiations would be resumed under the auspices of the GOC early in August and that the Department believed these negotiations could result in the achievement of a mutually satisfactory settlement. I reminded Mr. Nehru that as a reflection of the US Government's continuing interest and confidence in the GOC, it was dispatching one of its most experienced diplomats to Java to replace Mr. Dubois, who had been taken ill, as US Delegate on the GOC.

Mr. Nehru said that he was sure his Government would be reassured by the point of view I had expressed. I told Mr. Nehru that I would be delighted to continue to exchange views with his Government through him on the status of the Indonesian dispute.

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501.BC Indonesia/7-2848 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, July 28, 1948—1 p. m.

658. Eyes only for Reed from Ogburn.

US Delegation respectfully suggests that any further efforts persuade Republic that SC is unprofitable locus for negotiations will do more harm than good. Apart from interlude surrounding US-Australian working paper, Republic has been consistently convinced US Government solidly supports Dutch. Republic equally convinced its only weapons against Netherlands are public opinion and needling by Russia. Evidence Department anxiety over reference controversial



matters to SC will only make Republic more inclined refer such matters. Far from believing SC debates highly undesirable because such discussions could seriously prejudice success negotiations, Roem states frankly he believes they extremely helpful and cites as example effort to relax trade restrictions made by Dutch June 30 following discussions SC on blockade. Since Republic aware GOC alone helpless to produce political agreement owing inability reach agreement itself on essential points, it would have little interest in assurances of US Government's determination to support GOC with every appropriate facility and would not even understand what that means. Mere fact that Netherlands intends resume full scale negotiations will also make little difference to Republic. Republic fully understands that actual locus for negotiating solution Indonesian problem is neither Lake Success nor Batavia-Kaliurang but Washington and nothing we can say will persuade Republic otherwise. What Republic wants to know is whether Department will assure transfer full sovereignty to USI in near future and support agreement whereby Republic will continue administer its own territories interim period without attempts by Netherlands troops to "restore law and order" these territories. Unless affirmative answer can be given both points, Republic will regard any US approaches with indifference.

Regarding GOC reports to SC, we may remind Department Belgian Delegation has veto power over all reports. We believe responsibility protecting Dutch position devolves on Belgian Delegation, for which task Belgian Delegation adequately staffed with Herremans, Bihin and Werrouys, although Herremans departed yesterday for fortnight Brussels. For past three months at least US Delegation has been reporting necessity Dutch achieve record here which will stand up in SC. US Delegation has also reported that Dutch appear take little interest this aspect dispute and rely on US to cover up (Gocus 245, April 24,<sup>1</sup> and 261, May 10). We feel US Delegation cannot continue as in past to take initiative in assuring that GOC reports to SC will be innocuous regardless developments here and merits Republic case simply because Belgian Delegation does not wish assume this unpleasant task. One way or another, Indonesians will achieve independence. Their future orientation even now in process determination. We already greatly concerned by effect on Indonesians (who inherently perhaps most pro-American people in Asia) of line taken by US Government as they see it. Main immediate problem for US policy here is how give Indonesians incentive and means prevent duplication Indonesia of Communist gains in Burma and Malaya. Difficulties British in combatting non-nationalist Communist activities Malaya give good indication im-

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<sup>1</sup> Not printed.

possibility of Dutch successfully overcoming strong Communist threat, should such develop, if combined with present powerful nationalist government here. Hence we continue feel that confidence in US friendship and understanding on part Indonesian nationalist leaders must be strengthened at all costs.

Since early May, when our estimates situation began show clearly that premises US Delegation and Department policy required radical revision, US Delegation has faced increasing difficulties in following course presumably acceptable to Department since we have had no knowledge how Department intends adapt itself to emerging issues. We have had no comment whatever from Department on US-Australian working paper. While we assume Department had rejected our analyses situation, we have no idea what or whose analyses are accepted. Until receipt five telegrams sent July 23 and 24 we have had virtually no word from Department for past month. Statements by Jessup in SC to effect SC should not ask receive US-Australian working paper since it evident GOC did not consider its submission desirable, combined with secret instructions to us that Department unalterably opposed submission working paper, has put US Delegation in most awkward position relation Australian Delegation and Republic not helped by fact situation is of course transparent to both, putting US Government in extremely unattractive light.

While US Delegation continues in dark as to how Department views current situation or what action it proposes, situation grows steadily less promising. Attacks made Salatiga area reported yesterday's Aneta by band from Republic area, plus our info attacks likely be repeated, tends substantiate US Delegation fears Republic may be beginning lose control situation locally and threatens maintenance truce that area. We have no way knowing whether *status quo* may be maintained for several months or merely for days. We must, however, repeat that time is growing shorter.

Please inform who on arrival Scott will be acting US Representative. [Ogburn.]

LIVENGOOD

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501.BC Indonesia/7-2848 : Telegram

*The Acting United States Representative at the United Nations  
(Jessup) to the Secretary of State*

SECRET URGENT

NEW YORK, July 28, 1948—6:41 p. m.

962. For Rusk from Jessup. If Department sees no objection, and subject to developments in the debate in the SC tomorrow, USUN<sup>1</sup>

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<sup>1</sup> The permanent United States Mission to the United Nations.

contemplates making statement along following lines relative to GOC report on trade restrictions in Indonesia. Our statement is drafted in expectation that several other statements will be made attacking Dutch position but that issue will not be forced. USUN wishes to support GOC and at same time avoid any SC action condemning Dutch.

[For text of Mr. Jessup's statement to the Security Council on July 29, see SC, *3rd yr., Suppl. No. 99* (July 29), page 24.] <sup>2</sup>

If, as anticipated, the Chinese representative introduces a resolution calling upon both parties to resume negotiations through the GOC, the foregoing statement might be made by USUN in support of adoption of such a resolution.<sup>3</sup>

JESSUP

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<sup>2</sup> Marginal notation: "No ans. necessary. Mr. Jessup informed Depts concurrence by phone 7/29."

<sup>3</sup> This was done.

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501.BC Indonesia/7-2948: Telegram

*The Acting United States Representative at the United Nations  
(Jessup) to the Secretary of State*

NEW YORK, July 29, 1948—9:42 p. m.

973. Following is text of resolution on Indonesian question adopted by SC on July 29:

"The SC,

Having considered the GOC report on the federal conference opened in Bandung on 27 May 1948 (S/842), third interim report (S/848 and S/848/add.1), report on standstill in political negotiations (S/918) and report on restrictions on trade in Indonesia (S/191);

Calls upon the Governments of the Netherlands and the Republic of Indonesia with the assistance of the Council's GOC to maintain strict observance of both the military and economic articles of the *Renville* truce agreement, and to implement early and fully the 12 *Renville* political principles and the 6 additional principles."<sup>1</sup>

Please relay to Batavia.<sup>2</sup>

JESSUP

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<sup>1</sup> For truce agreement signed at Batavia, January 17, see Department of State *Bulletin*, March 14, 1948, p. 334; for the 12 political principles accepted at the same time, see *ibid.*, p. 335; for the 6 additional principles accepted on January 19, see *ibid.*, pp. 335-336.

<sup>2</sup> This was done the same day.



501.BC Indonesia/7-2848: Telegram

*The Secretary of State to the Consulate General at Batavia*

SECRET

WASHINGTON, July 30, 1948—noon.

352. Usgoc 127. For Ogburn from Reed, urtel 658, Jul 28. You are to remain Acting US Rep until arrival Cochran but I suggest strongly you take no action after arrival Scott, due Batavia Aug 2, without fullest discussion with him because he has participated all Dept deliberations re Indo problem and re plans for achievement final over-all settlement this problem and is therefore in full possession Dept's considered views.<sup>1</sup>

Discussion substance your 658 would appear to be unprofitable at this time since Scott can explain in detail present Dept thinking.

However I would stress once more (1) Dutch assertion police action not currently contemplated; (2) Dutch assertion they intend transfer full sovereignty to USI in accordance *Renville* principles; (3) US not party to present dispute; and (4) firm US intention maintain neutrality of action as member GOC and as nation friendly to both parties. In latter connection far from pursuing policy designed to negate Indonesian nationalist aspirations, Dept has done and is continuing do its best contribute to solution problem in accordance *Renville* principles.

Dept policy has been and will continue to advocate strict adherence those principles except as may be mutually agreeable both parties. You should make this unmistakably clear to Rep which should not interpret as unfriendly acts of US Govt consonant with those principles. For your info only we are impressed present apparent Dutch readiness make reasonable concessions and arrive at speedy settlement of problem and we trust Rep will be equally responsive and reasonable when negotiations begin.

Pls bear in mind that whatever Rep views may be in the matter Dept wishes negotiation of Indo problem kept out of SC. Dept's desires in this matter likewise are in no way affected by Neth predilections.

I regret you feel Dept has left you uninformed re its position following presentation US-Aus Dels working paper which you will recall was submitted on a personal basis without prior authorization

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<sup>1</sup> Telegram 364, August 10, 6 p. m., to Batavia, reported appointment by President Truman of Mr. Scott as Deputy U.S. Representative on the GOC as of August 5.

of Dept. Receipt that paper by Dept long delayed and its analysis only completed recently and coincident with Cochran's arrival in Dept. [Reed.]

MARSHALL

856e.00/8-248

*Memorandum of Conversation, by the Director of the Office of  
Far Eastern Affairs (Butterworth)*

CONFIDENTIAL

[WASHINGTON,] August 2, 1948.

Participants: Mr. H. A. Helb, Counselor, Netherlands Embassy  
Mr. W. Walton Butterworth, Director, FE  
Mr. Charles S. Reed II, Chief, SEA

Mr. Helb was informed that the "oral note" outlining the views of the Netherlands Government vis-à-vis the forthcoming GOC negotiations, which had been delivered by the Netherlands Ambassador on July 22, had been carefully studied. It was accepted as a statement of the position of the Netherlands Government but it could not be considered as a legal document in any way binding the United States Government, even though the latter agreed generally with the contents of the note. This was particularly so as Mr. Cochran, though an officer of the United States Government, is a representative of the SC and will function as such during the forthcoming GOC negotiations. Mr. Helb agreed that such was the case and said that the note merely clarified his Government's desire that, upon request of one or both of the parties, the GOC should bring forth a plan. In further discussion of the note it was concluded that the mentioned time limit of two months was merely indicative of the urgent need of arriving at an agreement between the Netherlands Government and the Republic and of course that period could be shortened or even lengthened depending upon circumstances.

Mr. Helb said that it was regrettable that the new Netherlands Government had not been formed as yet, but he believed that even though that Government had not been formed Mr. Cochran would be able to discuss with profit the Indonesian situation and the Netherlands Government position with permanent Foreign Office personnel.

Mr. Helb stated that the communist situation was becoming very serious in Indonesia and reported that his Government might have to take action against the communists. It was admitted that it would be difficult to distinguish between the communists posing as nationalists and real nationalists and I suggested that the worsening situation seemed to indicate the need for arriving at a speedy settlement of the situation. In the course of this discussion Mr. Helb said he feared that

communists from Malaya, as the campaign went against them, would go to Sumatra. He promised to keep the Department informed as to his Government's plans for an anti-communist campaign.

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501.BC Indonesia/7-2248

*The Secretary of State to the Pakistani Chargé (Baig)*

WASHINGTON, August 6, 1948.

SIR: I wish to acknowledge receipt of your note No. F 12/48/56, dated July 22,<sup>1</sup> concerning the dispute between the Indonesia Republic and the Netherlands Government.

The United States Government shares the desire of the Pakistan Government that a peaceful, mutually satisfactory settlement of the Dutch-Indonesian Republic dispute be achieved at the earliest possible moment, whether under the auspices of the Good Offices Committee or through direct negotiations between the parties. Since the United States-Australian working paper was offered on a personal basis and not as an official proposal of the Good Offices Committee, the Department of State does not believe that its rejection by the Netherlands Government brings negotiations to a permanent standstill. As the Pakistan Government is doubtless aware, the Netherlands Delegation in Java is at the present time seeking new instructions from the Netherlands Government at The Hague. At the same time Mr. H. Merle Cochran has been appointed United States Delegate to the Good Offices Committee, replacing Mr. Dubois whose serious illness has required his return to the United States. The appointment of a diplomat of Mr. Cochran's experience and stature reflects the confidence of the Department of State that substantive negotiations on a full scale can and will be resumed before the Good Offices Committee in August with favorable prospects of a successful conclusion.

Accept [etc.]

For the Secretary of State:

CHARLES E. BOHLEN <sup>2</sup>

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<sup>1</sup> Not printed, but see telegram 287, July 23, to Karachi, p. 289.

<sup>2</sup> Counselor of the Department.

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856e.01/8-1048

*The Consul General at Batavia (Livengood) to the Secretary of State*

No. 302

BATAVIA, August 10, 1948.

[Received August 24.]

SIR: I have the honor to inform the Department that on August 2, 1948 a delegation including Dr. Bahrioem, chairman of the Bandoeng



State Head Conference, Anak Agoeng Gde Agoeng, Premier of East Indonesia, Adil Poeradiredja, Premier of Pasoendan, Abdul Malik, chairman of the South Sumatra Advisory Council, and Sultan Hamid II of West Borneo departed for The Hague carrying the resolution passed by the heads of state at the Bandoeng Conference.<sup>1</sup>

In a radio broadcast delivered in Macassar just before he departed, Anak Agoeng said, *inter alia*, that :

“Recent political developments in Indonesia show certain factors which might prevent the United States of Indonesia from being established by January 1, 1949.—

“The Bandoeng *Negara* Conference had felt the necessity for a sound policy so as to realize the Indonesian national aspiration and the guarantee of a worthy place in the Indonesian community for all who work here, regardless of nationality and race.—

“Only a greater certainty can end the feelings of anxiety which dominate our present society. This has lasted too long already.—

“Cooperation with the Republic is desirable and imperative but there are different opinions as to which way must be followed. The conference chose the legal way of negotiating.”

Respectfully yours,

CHARLES A. LIVENGOOD

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<sup>1</sup> For text of resolution, see communiqué of July 27 issued at Batavia, SC, 3rd yr., Suppl. (Dec.), p. 55.

856e.00/8-1248 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

CONFIDENTIAL

THE HAGUE, August 12, 1948—6 p. m.

508. During initial call Prime Minister Drees yesterday he stressed Netherlands Government's determination carry out *Renville* Agreement. Referring to visit non-Republican leaders now in Hague discussing Bandoeng Resolution with Dutch Government, Prime Minister said he was hopeful these men who represent large cross section Indonesian opinion would help win acceptance Dutch Government proposals for interim federal government and through auspices GOC political agreement would quickly be reached with Republic. He said government as now constituted proposes to offer best possible terms in accordance *Renville* Agreements and he hoped Republic would acquiesce inasmuch as Netherlands Government could not wait forever. Concluding he emphasized delicately balanced economy of Indonesia can only support 75 million people with western guidance and assistance which Dutch are competent and willing to give to Indonesians.

Pass Batavia.<sup>1</sup>

BARUCH

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<sup>1</sup> This was done the same day

501.BC Indonesia/8-1348 : Telegram

*The Secretary of State to the Consulate General at Batavia*

SECRET

WASHINGTON, August 13, 1948—7 p. m.

369. Usgoc 132. Policy Committee on Arms and Armaments now has before it request of Neth Govt for export licenses covering 6000 .38 revolvers with 50 rounds ammo per revolver for use civilian, state, and municipal police in Java, Sumatra, Celebes and Borneo.

As you know, similar request for export licenses covering 10,000 carbines and ammo, submitted several months ago, still in suspense pending developments in Indonesia.

Dept recognizes a legitimate need of Neth as sovereign in area for adequate weapons with which to equip police forces, stated by Neth to be largely composed Indonesians. In view recommendation contained Gocus 299 of June 7,<sup>1</sup> however, Dept does not wish to approve these applications if such action in your judgment would be prejudicial to success negotiations toward political settlement. Pls advise your estimate effect upon situation there of authorization export licenses covering either or both lots weapons described above. In both cases, approval export licenses is prerequisite Neth's placing orders with private US manufacturers. Estimated time of delivery of weapons approximately 6 months after placing orders.

MARSHALL

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<sup>1</sup> See footnote 1, p. 210.

501.BC Indonesia/8-1648 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, August 16, 1948—11 a. m.

693. Gocus 353. [From Cochran:] Summary from departure Washington July 27 to August 14.

In New York July 27 visited Jessup, Noyes and Hyde.<sup>1</sup> Jessup sought clarification revision Critchley-DuBois plan particularly on points he considered anti-Republican. With Noyes had pleasant call on Palar. Noyes and I received Naryanan. Noyes was to prepare memoranda these talks. I opposed Jessup's idea of Department's cabling Ogburn to explain to Republicans my Netherlands sojourn.

At Hague from July 31 through August 5, saw Eugene Black,<sup>2</sup> large number political leaders including those of outgoing government and

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<sup>1</sup> Charles P. Noyes and Louis K. Hyde were members of the U.S. Mission to the United Nations (USUN).

<sup>2</sup> Executive Director of the International Bank for Reconstruction and Development; Mr. Black had been on a mission to the East Indies in June.

several in subsequently formed Government. Also talked with few Dutch and other businessmen, Belgian representative Herremans, retiring Netherlands representative Vredenburg. Appreciated immensely support given by Embassy planning schedule making contacts.

At Hague my conversation with officials led me believe Dutch thinking along following lines, that: (a) there is genuine desire [on part Dutch] to grant promised sovereignty to Indonesia; (b) disappointment and mistrust have followed failure *Renville* Agreement be implemented; (c) Dutch kindly disposed toward Hatta but doubt his ability enforce terms any agreement; (d) Dutch leaders practically unanimous that elections impossible before law, order restored; (e) Dutch see considerable benefit Bandung resolutions as coming from men with genuine nationalist aspirations; (f) Dutch Government has decided take cognizance these resolutions and work toward Indonesian federation into which Republic will be brought one way or another; (g) next steps after formation new government were to be consideration constitutional revision and passage amendment; (h) work has already commenced integrating ideas Bandung resolutions with so-called Batavia plan which Enthoven, Netherlands constitutional expert, had brought to Hague; (i) these ideas would not be formulated definitely until new government heads had opportunity to participate therein and progress debate on constitutional amendment had revealed opinion; (j) introduction act to implement constitutional amendment could not take place until above ideas had been formulated and submitted through Dutch to US for GOC study; (k) Dutch official opinion was so strongly fixed upon Dutch Government determining form provisional government and methods setting it up that any plan envisaging elections or plebiscite prior to establishing first provisional government would be futile.

Called on Van Mook evening my arrival Batavia August 9. Reviewed with him and 3 top members Netherlands delegation discussions Washington, New York and Hague. Tenth became acquainted with my associates and planned work. Eleventh, gave press conference. In response specific questions stated I brought no American plans; had some ideas and would contribute them as member of committee of 3; was an uninstructed representative; saw no reason for expanding terms of GOC reference beyond those of good offices at this juncture; was receptive to all ideas that can lead to solution including thoughts in DuBois-Critchley plan; desired take advantage all exploratory work done by predecessors and associates as we now make fresh approach to Indonesian question. I said my impressions at Hague were that Dutch would move forward with their thinking on Indonesia once government is reconstituted and I was not only hopeful



that reasonable and happy solution could be reached but delighted have part present task.

I had not anticipated talking so much or so specifically as there had been leak which appeared in local press of August 7 quoting "well-informed Republican sources" that I was bringing new proposal from Department for solving Dutch-Indonesian dispute said to differ little from Critchley-DuBois plan, and that Department would press to reach agreement within 2 months and was replacing staff members of USDel with new men.

On August 12 I flew to Jogja for initial calls accompanied only by Col. Mayer rather than by political assistants to avoid technical discussions. Cordially received by Prime Minister Hatta and Sukarno. Hatta gave small luncheon. Called on Foreign Minister Salim. With approval Hatta and Sukarno, received insistent press group. They sought clarification certain points made in Batavia conference preceding day. I followed same line.

At Presidential dinner attended by Cabinet members, military and other leaders, I had one important conversation in which I told Sukarno and Hatta of my press conference. I explained that I had been led to believe that ideas would come out of Hague shortly which could help us in resuming conversations in Political Committee. I said I thought political discussions should be postponed until Dutch advanced their ideas to GOC. I was not prepared to insert an American item on agenda for inaugurating political discussions and presumed neither Republicans nor Australian delegation desired revive Critchley-DuBois plan. They were in agreement no utility opening political discussions now but said were prepared resume whenever Dutch ready.

Returned Batavia 13th. Attended my first GOC meeting. Chairman Critchley raised question when GOC would move Kaliurang and length of stay. He was asked by committee to consult Netherlands delegation thereon with hope two parties would agree schedule. I told GOC of my trip and conversation with Sukarno and Hatta on resumption political discussions. I indicated readiness USDel proceed Jogja August 16 on invitation Sukarno to witness opening exhibit at Solo that date and attend national celebration seventeenth. All delegates on GOC will go. I said this plan and arrangements for moving headquarters temporarily Kaliurang should depend on understanding with Republicans that they will not proceed planned repairs Jogja Airport while we there since would destroy our communication system.

I called on Schuurman to give highlights Jogja trip. On fourteenth he said he had repeated my report Van Mook who desired see me. Scott and I were received by Van Mook and Schuurman evening

fourteenth. Van Mook expressed opinion from reports Dutch conversations with us in Washington and from subsequent messages that USDel would submit plan to revive political discussions. I said I had gone to Netherlands purposely get acquainted with official views. From official visits there I had been led believe Hague would advance ideas shortly incorporating Batavia and Bandung thinking as edited by new government which they desired GOC to have before any new proposal set forth for achieving political agreement. Van Mook thought there would be no changes Dutch views as result change government and was restless proceed with drafting final arrangements by own staff unless USDel actually had plan as he understood for quick presentation. Strongly sensing that Van Mook would wish his plan be final proposal, I insisted that there be no plan or ideas advanced by USDel until we had received promised word from Hague as to outcome work being done there. When Van Mook stressed his conviction that work there was only on question of provisional government and that GOC should proceed, I was convinced he either not been kept well informed progress Hague or is as much out of line with official Dutch thinking as some Dutch officials Hague intimated to me. I held to my point that we should wait word from Hague especially since Neher will return Batavia about August 20 presumably with latest instructions. I feel that for us to make move prior thereto would embarrass Dutch officials Hague, resulting our ideas being opposed strongly by Van Mook and in final resort to his own plan. Once word received from Hague we can decide whether this is acceptable beginning and how it should be presented as plan or part thereof.

See Gocus 352<sup>3</sup> regard revelation of opium traffic by Republican leaders allegedly under guise GOC travel on American plane and delegation train and USDel does not intend interfere normal course law on narcotic traffic but will endeavor with other members GOC prevent developments which might make travel from one area to another impossible and carrying on of negotiations difficult. [Cochran.]

LIVENGOOD

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<sup>3</sup> Telegram 692, August 16, not printed.

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756e.6111/8-1648: Airgram

*The Consul General at Batavia (Livengood) to the Secretary of State*

RESTRICTED

BATAVIA, August 16, 1948.

[Received August 31—11:09 a. m.]

A-186. Reference my A-140 June 9<sup>1</sup> and previous correspondence regarding Suripno and his negotiations with the Soviets. Suripno has finally arrived in Djoejakarta.

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<sup>1</sup> Not printed.



According to information emanating from the Republic, Suripno addressed a Youth Congress sponsored meeting on August 13 and told the group, *inter alia*, that the "blunders made in this revolution are due to the lack of a strong national unity as well as the one-sidedness and vacillatory attitude of the Republican foreign policy". Suripno is said to have expressed the opinion that the exchange of consular missions with Russia will strengthen the position of the Republic and the latter can thus take advantage of the Russian-American conflict.

Suripno brought his secretary, Suparto, when he came to Indonesia. It now turns out that this person is Moeso, an old line nationalist who fled the country some 25 years ago. According to Djocja press reports, Moeso was received by and had a long conversation with Soekarno on August 13.

LIVENGOOD

501.BC Indonesia/S-1948 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, August 19, 1948—1 p. m.

704. Gocus 356. In response invitation to visit Jogja for Republic's celebration national holiday, GOC military observer and Under Secretary left August 16 for Jogja and returned morning August 18. We anticipated Republic's capitalizing our visit. I preferred this to permitting ConGen accept tendered invitation or offering ground for criticism if some delegate went and I declined particularly after my stay Hague.

On 16th went as Sukarno's guest to witness his opening native products exhibit Solo. Forenoon 17th attended Palace celebration Indonesian independence. Sukarno in long speech reviewed struggle for freedom and set forth Republic's aspirations.

(1) Sought implementation of Dutch promise independence of Indonesia throughout archipelago in form USI on January 1, 1949.

(2) Expressed desire for peaceful settlement for which Republic had taken its problems before international forum.

(3) Defended use guerrilla warfare, scorched earth, sabotage, boycott, strikes, etc., if and when Republic obliged defend its freedom.

(4) Declared cease-fire order and creation consular committee destroyed Dutch theory that Indonesian problem is [not] international and Dutch alone responsible through their sovereignty.

(5) Stated Republic willing participate interim government for USI provided (a) it is of national character with specified authority; (b) capable persons who understand their responsibility, and are known to the whole Indonesian people sit in that government; (c) interim government be based on principles of democracy and take account of growth of democracy in population; (d) it would be responsible to a Constituent Assembly elected by the whole Indonesian people in a democratic way, which Assembly should also draft the



constitution of the USI, delineate component states of USI and ratify statute of Indo-Dutch union.

(6) Reaffirmed Republic positions that (a) plebiscite be held only in Dutch-controlled areas of Java, Sumatra and Madura, (b) that Dutch still conceive of Union as superstate rather than partnership of equal sovereign states.

At evening reception in Palace I talked alone with President. I said that incidents of past few days (meaning opium charges and shootings and search at Republic quarters Batavia sixteenth) should not cause us to lose sight of major objective of consummating political agreements soonest or to permit atmosphere to become unfavorable to reasonable discussions. I recalled impressions I gave him on my call last week concerning interest Dutch political leaders Hague in advancing ideas for settlement. I mentioned particularly sympathetic attitude evinced by Drees and Sassen, now Prime Minister and Minister Overseas respectively. I told Sukarno Neher was expected Batavia August 20 with latest advice and that plans for resuming political discussions should consequently wait.

Finally I volunteered I had gained no impression Hague that any new police action was being thought of, contrary to obvious concern of Indonesian circles over such possibility. President thanked me most appreciatively for our visit and hoped I would find English text his speech helpful in understanding his position and in exercising good offices. (Full text speech being airmailed.)

GOC expects return Kaliurang August 23 if assurances are received airport Jogja will be in operation by that date.

LIVENGGOOD

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501.BC Indonesia/8-2248 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET      US URGENT

BATAVIA, August 22, 1948—2 p. m.

711. Gocus 358. Scott and I met with Neher and Schuurman 9 p. m., August 21 and talked 3 hours. Neher had seen Van Mook. From Neher we sought latest information on developments Hague and plans for procedure. We summarized and sharpened observations already made to Schuurman with respect draft act for interim period.

Neher referred long visit with me night before I left Hague when he gave me background on Indo question. He pictured difficult and strenuous days since then spent in formation government, passage second reading constitutional amendment in Second Chamber, discussion Bandoeng resolutions by new government members and com-

mittee of nine with Bandoeng leaders, and preparation legislative draft act for interim period.

Van Mook had asked that reassembly Bandoeng Conference be postponed until September. However, Bandoeng people insisted in Hague that draft act be available them August 17. Hague felt obliged accede Bandoeng leaders' request that conference be reconvened August 17 and that draft act be ready for their consideration by that date. Insistence of Bandoeng leaders on August 17 date was said to be based on their desire return Hague for jubilee and coronation celebrations.

Neher said Cabinet meeting discussed promise made me that draft act would be sent me for comment prior its presentation. He said decision was taken in best of faith to submit draft directly to Bandoeng and that the Cabinet fully appreciated the difficulties this would probably present to USDel. Neher said my Hague friends would keep promise, however, to provide additional material which might help in construction plan for political agreement with Republic and that this material should reach Batavia 24th. Anticipated additional material would cover ideas supplementary to that of interim government which we feel should be incorporated in political agreement.

We emphasized concern over draft for interim government for all Indonesia being submitted Bandoeng without any apparent arrangement for informing Republic or explaining that this draft is only part of legislation for Indonesian Federation and that Republic would be invited to comment on draft and come into Federation. We agreed that act as drawn provides legal framework within which it possible develop additional legislation of all *Renville* principles. We feared, however, that Republic would be shocked by present text without explanation and might conceivably rush to Security Council laying draft alongside *Renville* Agreement and protesting thereon. I asked bluntly who is to put up draft legislation to Republic and to give the explanation that more legislation is to come after comments on first draft received.

We emphasized it was responsibility of Netherlands Government to explain to Republic the place of draft act in Netherlands scheme for an overall settlement. I said I had prepared way for them to bring forward their plans and had refrained introducing any American ideas which might possibly prejudice success of Dutch program.

We urged necessity speed in acts to prevent Republic taking hasty action if, as expected, the draft act should come to its attention before an explanatory statement by Netherlands Government could be made. Neher agreed Dutch Government statement should be issued publicly by Tuesday 24th in explanation of submission draft act to Bandoeng. Statement would make clear that draft is also to be submitted to GOC and Republic for comment, since Bandoeng Conference had request



Batavia to bring original resolutions to GOC attention and since plan envisages federation all Indonesia including Republic. Statement would also make clear that Netherlands expected final draft to incorporate *Renville* principles. At Neher's suggestion, USDel will participate in drafting statement.

During course above conversation we produced extract story which American press correspondent had prepared on basis interview with Rittman, head RVD. Explained that correspondent had told me this story on 19th but that he had refrained filing it after talking with me until he had approached Rittman second time and had confirmation thereof. Gist of story is that Dutch contemplate going ahead with federation irrespective of Republic, considering latter rebellious state if it fails to join and providing federation with troops to force submission if necessary. Story alleged furthermore that Rittman anticipated interim government's bypassing United Nations in dealing with Republic. Point was made by us that if Republic and outside world receive news this sort attributable to official sources, opportunity would be negligible for achieving success in political agreement. Rittman was called in and asked by Schuurman for explanation. Rittman undertook to take immediate steps to check story if possible. Neher denied story reflected Dutch intentions. He said that in his last conversation with Drees, Prime Minister had discussed alternatives which would confront Netherlands in event Republic ultimately refused join federation after all reasonable advances had been made by Netherlands. In such an event Neher said Prime Minister considered obligations under truce agreement would be ended.

We showed Neher copy of telegram from Roem to Leimena stating atmosphere Jogja sharply deteriorating result incident August 16 at Republic House Batavia which regarded as shrine by Republic and that unless house were returned to Republican authorities Roem feared it difficult assure safety Netherlands delegation their next move to Jogja. Neher said decision had already been reached to take over certain Republican houses Batavia in effort reduce subversive activities and opium traffic but that decision would be reconsidered at Council meeting August 23. Signed Cochran.

LIVENGOOD

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501.BC Indonesia/8-2648 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, August 26, 1948—2 p. m.

728. Gocus 360. Since sending Gocus 358, August 22, have gone over with Schuurman draft of statement it was hoped Netherlands



Government would issue by 24 August in explanation of submission draft bill to Bandung. Van Mook telegraphed text as finally amended by him to Hague for approval and instructions awaited. Schuurman informed us morning August 25 that hoped possible make statement soon and give GOC draft bill for communication Republic and latter's comments thereon. Schuurman informed us Hague decided full text draft bill for interim period should not for present be published or discussed in whole publicly. Will Department please be accordingly guided on receipt text forwarded Butterworth by Cochran open mail 20th.

Schuurman reaffirmed promise made August 21 (Gocus 358) that Netherlands delegation would shortly present us with its views as to points to be included in negotiations on phase "B" with Republic and indicated a number of people Batavia and Hague working thereon.

Department will have seen from USDel and Mayer reports Indo political situation deteriorating sharply past few weeks. Accumulation incidents including revelations regarding opium traffic, fatal shootings at Republic house Batavia; NEI official decision take over certain Republic houses Batavia and require all Republic officials move from Netherlands controlled to Republic controlled territory culminating in announced decision Netherlands Government to proceed with its plan for interim period whether or not satisfactory agreement reached with Republic, convinces us plan for political settlement between Netherlands and Republic should be formulated and presented through GOC to both parties within next 3 to 4 weeks considering pressures now exerted on it, including return of Suripno to Jojga accompanied by Moscow-trained Moeso, we doubt present Republic Government can be expected to last more than few weeks unless presented with opportunity resume negotiations with Dutch on basis *Renville* principles. Some doubt that present Republic Government can remain in power even if such opportunity offered. Any successor government would certainly be leftist.

According Antara report appearing in Aneta bulletin, Republic central trade union (SOBSI) in statement issued August 23 advocates cancellation of *Renville* and Linggadjati Agreements. Statement also rejects plan presented in US-Austr[al]ian working paper, advocates resumption negotiations on basis "equality", prompt exchange of consular representatives with Soviet Union, demands resignation present cabinet to be replaced with national cabinet and intensification of preparation for scorched earth tactics.

Schuurman agreed period short wherein any possibility remains for GOC advance plan for overall settlement with chance acceptance by both parties. He expressed opinion that although views Republic

regarding present draft bill for interim period would be sought, no chance of Republic entering interim government at this time. He identified present draft as corresponding to phase "B" of interim period envisaged by Blom in conversation Washington. He agreed only chance getting Republic enter interim government would be at beginning phase "B" as envisaged by Blom. He could contemplate an agreement being signed about first October wherein Republic would undertake interim government at time to be specified in agreement and which would signalize beginning phase "B". He recognized field of negotiations with Republic reduced by procedure followed with respect to draft bill leaving question principally that of substantive content of phase "B", which phase could only begin with institution of elected government. Neher and Schuurman do not expect draft bill for interim period to be passed before October.

Schuurman appreciates resumption any negotiations with Republic becomes increasingly difficult with passage of time and indicated next few weeks might bring "nastier surprise" than we have yet experienced. He may have meant that Netherlands Government contemplates taking yet unannounced measures which would reduce further possibility of resuming negotiations.

USDel contemplates tentatively following procedure set forth in detail below in working toward draft agreement. This procedure involves no intention forestall any Netherlands–Republic plan for negotiations.

1. USDel will prepare paper in form of draft agreement rather than preliminary paper containing points to be reformulated into draft agreement.

2. Initial status of USDel's paper will be "oral note" in accordance memorandum from Netherlands Embassy to Department July 22.

3. USDel will telegraph text its paper to Department for comments on substance. Substance will initially take into account[ :]

- (a). USDel's present views as to potentially acceptable agreement within framework Department's comments USDel. In accordance with Netherlands Embassy memorandum July 22, will discuss draft with Netherlands delegation. Question whether paper is to be presented to GOC as US working paper or as Netherlands delegation working paper will be determined only after it is known whether changes suggested by Netherlands delegation at this stage are either of such importance as to alter entirely character draft or are beyond scope of *Renville* principles. Method of consulting Republic's views at this stage would necessarily be dependent on circumstances of paper's presentation as a Dutch or as *Renville* principle;

- (b). Legal framework of Netherlands draft bill for interim period with attempt develop suggestions for additional legislation

and procedures that will permit implementation on *Renville* principles;

(c) Whatever material is furnished USDel by Netherlands delegation or Republic delegation during course of drafting;

(d). US-Australian working paper as revised by Department.

4. Neither paper itself nor fact paper is being drafted will be discussed with anyone outside USDel until Department has opportunity to comment on substance thereof to USDel.

5. After receipt an American plan. Signed Cochran.

LIVENGOOD

501.BC Indonesia/8-2748 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

[Extracts]

SECRET

BATAVIA, August 27, 1948—3 p. m.

733. Gocus 361. GOC transmitted to Netherlands delegation August 26 copy telegram received from Roem that Republic Cabinet confirms decision taken by Republic delegation not to resume negotiations until Republic house Batavia returned. This involved with general question of immunity for Republic officials in Netherlands controlled territory and security for Netherlands delegation in Republic controlled territory.

At GOC meeting 26th Critchley favored telegraphing Security Council regarding crisis Indo affairs. Belgian delegation and USDel opposed this on ground that more time should elapse to see incident and developments past few days in better perspective and to permit further opportunity for reopening talks. It was agreed, however, that secretariat should begin collecting material for inclusion in 4th interim report. Best estimate is that this report will not be ready for submission in less than 2 weeks.

Schuurman called on me afternoon August 26. Said Van Mook and he telegraphed Hague night 25th again urging approval issuance statement Batavia resubmitting draft for interim period to Republic through GOC and transmission promised working paper to me covering subjects supplementary to draft bill for planning basis negotiations. I stressed urgency statement being issued and material reaching me before we proceed Jogja.

Schuurman said petition received from Palembang south Sumatra by NEI to form separate political unit which petition will most probably be granted 28th. Signed Cochran.

LIVENGOOD



856e.01/8-2848 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

RESTRICTED

THE HAGUE, August 28, 1948—1 p. m.

557. Draft of suggested overall agreement with Republic which received cabinet approval yesterday being sent Batavia today. Boon said this draft agreement outcome Cochran's request while in Hague for some indication from Dutch of limits to which they could go to meet some Republic aspirations. Informant added draft being telegraphed Netherlands Embassy Washington. He hoped to make translation available this Embassy early next week.

Sent Department 557 ; Department pass Batavia.<sup>1</sup>

BARUCH

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<sup>1</sup> This was done the same day.

501.BC Indonesia/8-2848 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, August 28, 1948—4 p. m.

734. Gocus 362. Following up our conversation of August 25 with Schuurman (Gocus 360, August 26), we had a further talk with him on August 28, in which following problems were discussed :

1. We pointed out that decision to proceed with enactment of draft act for administrative regulations during the interim period, whether or not a "satisfactory agreement" had been reached with the Republic (see telegram 529 dated August 19 from Embassy Hague<sup>1</sup>), in addition to making resumption negotiations with Republic more difficult, would call for the most careful coordination of our plans with those of Hague. We explained that, as we understood it, present draft act deals solely with phase A of interim period, whereas negotiations with Republic would necessarily be concerned with phase B. We said that situation might become hopelessly confused if Government in Hague were to proceed with legislation on phase A while we were attempting to resume negotiations dealing with phase B.

2. We recalled to Schuurman his and Neher's estimate that the present draft act could not become law before October 1 since it was intended to consult views of (1) Bandung group; (2) NEI Government and (3) Republic before submitting a final draft to States General. We emphasized the desirability of consulting the views of the Republic on the draft act even though it could be anticipated that

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<sup>1</sup> Not printed.

their reaction to it in its present form would be negative. We pointed out also that we did not believe resumption of negotiations with Republic could be delayed until October 1 in view of pressure now being exerted on the present Government at Jogja. We listed these pressures as being (1) apparent stiffening in attitude of Netherlands as exemplified by recent steps taken by NEI Government; (2) increasingly tempting character of Russian offer in such circumstances; (3) possibility of carrying whole issue back to SC on grounds that (a) Netherlands had put forward no acceptable basis for negotiations which had been suspended since June and (b) apparent impotence of GOC to put forward an acceptable plan itself. In connection with latter point, we said that Critchley, at GOC meeting August 26, had observed that GOC would be failing in its duty if it did not inform SC of existing situation. Critchley had also said that GOC should seek instructions from Council as to how Committee might make an effective contribution to breach present deadlock and work out speedy settlement.

3. Cochran told Schuurman it had been his understanding with Netherlands officials in Hague they would provide USDel soonest with as much material as they could supply that would be of use in formulating basis for working paper that might lead to plan for negotiation of political agreement with Republic, whether this plan be set forth as Netherlands Delegation proposal or GOC proposal. He added it had been his impression that Hague anticipated effort would be made to recommence discussions and negotiations toward political agreement while bill for implementing constitutional amendments still in process of formulation, and that results of our discussions and negotiations would be considered enactment.

4. Finally we told Schuurman that we wished to avoid a possible serious conflict on timing and that we hoped his delegation had presented the increasingly difficult situation here clearly to Hague.

5. In reply to foregoing, Schuurman assured us that on basis his present information from Hague there was no real possibility of conflict mentioned in Paragraph 1 above arising since he believed Hague still intended that negotiations regarding implementation of *Renville* principles be undertaken here concurrently with continuation of discussions with Bandung group which, he expected, would be resumed after the jubilee and coronation celebrations were concluded. As he understood it, Hague definitely prefers that negotiations with Republic be concluded before presentation of a final draft act to States General. He assumed it would follow from this that the present draft might very well be amended in such a way as to include whatever resulted from negotiations with Republic. He pointed out that although Hague

could not be reasonably expected wait indefinitely for conclusion such negotiations prior submission of a draft act to States General, it was certainly still to be hoped that negotiations on basis of *Renville* could be resumed and concluded within a reasonable time so that the draft act in its final form would reflect the results of the negotiations. He added, however, that we cannot tell definitely what the new Netherlands Government has in mind until an answer has been received to an urgent cablegram which NEI Government sent Hague requesting decision on the issuance in Batavia of the public statement recommended by US (Gocus 358, August 22) and on the provision of additional material on Hague's views regarding the basis of further negotiations. Signed Cochran.

LIVENGOOD

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856e.01/8-3148 : Telegram

*The Secretary of State to the Consulate General at Batavia*<sup>1</sup>

SECRET

WASHINGTON, August 31, 1948—6 p. m.

394. For Livengood and Cochran. Recent tels from Batavia and Hague very disturbing. Was Dept's belief Neth Govt would hasten provide basis resumption negotiations with Rep under auspices GOC either as Neth Del or as GOC proposal and that such negotiations would not be jeopardized by (1) adverse legislation (2) independent negotiations with Bandoeng group. Now appears Neth Govt pushing interim period legislation and independent agreement with Bandoeng group without considering Rep. In addition, although possible justification, Neth actions vis-à-vis Rep (Independence eve incident, retaking Batavia hospital and forced departure Republican families from Batavia) not conducive resumption negotiations nor creation proper atmosphere for such negotiations. Dept agrees Neth attitude, intentional or unintentional, appears be hastening fall Hatta Govt and Dept fears successor that Govt will be strongly Left Wing if not Communist controlled. Dept naturally desires take all practicable steps hasten resumption political negotiations with Rep and obtention agreement consonant with *Renville* Principles, as well as forestalling Left Wing Govt possibility. In this difficult situation Dept would appreciate your suggestions course of action if any Dept should take vis-à-vis Neth Govt here or at Hague. Pending receipt your considered views Dept withholding action.

MARSHALL

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<sup>1</sup> Repeated to The Hague as 410.



501.BC Indonesia/9-148 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

SECRET

THE HAGUE, September 1, 1948—11 a. m.

560. Boon, political chief Foreign Office, stated today suggested alterations in draft agreement (Embtel 557, August 28) have already been received from NEI Government, that translation final text would be made Batavia in order to avoid having several different versions. Inasmuch as Cochran may receive official translation several days in advance of Embassy, Department may wish request draft agreement be cabled from Batavia.<sup>1</sup>

Political chief said while Beel would initially replace Vredenburg as delegate supreme government (other delegates being Van Mook and Neher) Schuurman would remain as political adviser and negotiating head Netherlands delegation under Beel. It appears Bentinck<sup>2</sup> was unable or unwilling accept appointment. (Embtel 539, August 24<sup>3</sup>). Boon admitted Beel being groomed for high commissioner post interim Indonesian Federal Government but added change in government here could alter all these plans. Referring to report of Van Mook's early return to Hague, Boon said that all questions would be dealt with during his visit, adding that establishment interim Indonesian Government would give Van Mook occasion to retire which has long been in his mind.

Boon commented Republic becoming increasingly bad tempered since opium smuggling disclosure and search Republican headquarters Batavia revealed presence of arms. Responding to query, he said he nevertheless entertained hopes negotiations with Republic would be resumed shortly under auspices GOC, possibly at new locale within demilitarized zone easily accessible to both parties. He mentioned reports had been received Republic may attempt again bring dispute before next meeting SC charging failure GOC to contribute to solution in hopes powers GOC may be enlarged.

Sent Department 560; Department pass Batavia.<sup>4</sup>

BARUCH

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<sup>1</sup> Telegram 742, September 1, 2 p. m., from Batavia, quoted the text of the Netherlands material handed to the U.S. delegation at noon, August 31; certain corrections were sent in telegram 762, September 7, 9 a. m., from Batavia, neither telegram printed. (501.BC Indonesia/9-148, 9-748)

<sup>2</sup> Baron A. W. C. Bentinck, member of the Netherlands delegation at the UN.

<sup>3</sup> Not printed.

<sup>4</sup> This was done the same day.

501.BC Indonesia/9-148: Telegram

*The Secretary of State to the Consulate General at Batavia*SECRET      US URGENT  
NIACT

WASHINGTON, September 1, 1948—6 p.m.

396. Usgoc 133. Re Gocus 360<sup>1</sup> and further to Deptel 394, Aug. 31. Dept agrees with your conviction deteriorating situation makes imperative plan for political settlement be formulated and presented parties by GOC at earliest possible moment. We believe period 3 to 4 weeks as suggested should be reduced substantially if at all possible.

In view Hague tel 557, Aug. 28, to effect draft overall agreement received Cabinet approval and forwarded Batavia, we believe immediate step should be submission such draft agreement by Neth Del to Republic through GOC as basis prompt resumption negotiations and opportunity GOC reconcile ensuing differences. Dept will take steps urge this action with Neth Emb here and suggest you likewise urge such course action on Neth Del. We believe by so doing Neth will take important step restoring lost confidence their intentions although we do not anticipate Neth suggested agreement will be entirely acceptable.

At same time Neth draft agreement is presented, we believe US Del's plan based upon revised US-Aus working paper and taking into account Neth draft should be ready for submission to GOC and if possible approved by GOC for submission to parties within week or 10 days after receipt of Neth plan. This connection, Dept approves your numbered suggestion 1 that US paper will be in form of draft agreement as well as your numbered suggestion 2 that it should be in form of oral note. While we have no objection to full discussion your draft with both parties as oral note prior its presentation to GOC, we do not believe its submission GOC should be delayed unduly to take account parties' objections. Moreover, Dept fears should USDel discuss its paper with Neth without at same time making it available to Repub, US reputation for impartiality would thereby be impaired and such action would be difficult defend in SC.

Re your numbered para 3a, we favor your paper being presented to GOC as US working paper. Dept would appreciate meanwhile receiving your estimate what changes may be necessary in US-Aus working paper as revised by Dept to obtain acceptance Aus and Belgian representatives. In event changes required obtain acceptance all concerned

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<sup>1</sup> Telegram 728, August 26, p. 306.

are irreconcilable, Dept would appreciate your opinion as to what changes are essential for obtaining workable settlement.

Subject above comments Dept approves procedures outlined Gocus 360 with exception para 5 which unclear.

MARSHALL

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501.BC Indonesia/9-248 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET      US URGENT  
NIACT

BATAVIA, September 2, 1948—5 p. m.

747. Gocus 365. Deptel 394, August 31 to Batavia. US Delegation will forward its considered views to Department on September 6. Meanwhile, only action we believe Department should take would be to impress on Netherlands desirability of refraining from further apparent stiffening the attitude of Netherlands exemplified in recent steps by NEI Government (Gocus 362, August 28<sup>1</sup>).

We note Usgoc 133, September 2 was despatched prior Department's receipt Gocus 364, September 1<sup>2</sup> containing text Netherlands draft agreement. We doubt Department would wish us urge Netherlands Delegation present this text to GOC. For reasons set forth penultimate paragraph Gocus 364, we will refrain from doing so unless we hear to contrary from Department.

We understand from Consulate General code clerk that Gocus 360, August 26 containing 5-point procedure for presentation US Delegation agreement was badly garbled in transmission which probably accounts for fear expressed 3rd paragraph Usgoc 133. Any event US Delegation will not delay presentation its draft plan to GOC after receipt Department's comments thereon nor will it fail to discuss its draft with both parties as soon as question has been finally decided that draft to be presented will be US Delegation's and not Netherlands Delegation's.

Netherlands Delegation has not yet provided any material in addition to draft forwarded Gocus 364, September 1. Text of US Delegation's draft will be forwarded Department on September 6. Signed Scott.

LIVENGOOD

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<sup>1</sup> Telegram 734, p. 310.

<sup>2</sup> Telegram 742, September 1, not printed, but see footnote 1, p. 313.



856e.01/9-348 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary  
of State*

SECRET

THE HAGUE, September 3, 1948—4 p. m.

570. Embassy offers following comments on Deptel 410, August 31, to Livengood and Cochran:

Once constitutional amendments have been passed by newly elected States General (second chamber approved amendments August 19 and first chamber approval expected this week with promulgation next week), definitive legislation will still have to be approved for creation interim federal government and Netherlands-Indonesian Union (Embtel 325 June 1). According to Foreign Office, proposed draft legislation or project of law for interim federal government which is combination of Enthoven-Van Mook plan (Embtel 462 July 24<sup>1</sup>) and views of non-Republican Indonesians as expressed in Bandoeng resolutions was sent Batavia for communication to Bandoeng conference and GOC and latter was asked send note summarizing legislation to Republic.

As regards charge Netherlands Government pushing interim period legislation, government believes that Bandoeng group represents important federalist movement and deserves at least as much if not more consideration than Republic. Dutch do not feel that proposal for institution interim federal government contained in draft legislation can jeopardize negotiations for political agreement with Republic but on contrary proposal should prove to Republic good intentions and efforts of new Dutch Government reasonably to meet all sincere Indonesian aspirations.

According to Boon, observations of Bandoeng conference and pre-federal government on draft legislation expected shortly with arrival in Hague of non-Republican delegates and Van Mook. Replying to query he could not say whether legislation for interim federal government would be introduced in Parliament without further reference to Republic for comments inasmuch as it depends on developments which could not now be foreseen. This connection he said reports of fusion of Socialist Party led by Sjarifoeddin with Communists was extremely disturbing. Reason why Dutch have not acted more energetically against Communism in NEI, according to Boon, was fear such action might precipitate fall of Hatta government. Certainly it is not Netherlands intention to cause fall Hatta government inasmuch as Dutch entertain same fears as Department that successor likely to be

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<sup>1</sup> Not printed.

Communist controlled. Developing situation in Republic, Boon thought, was somewhat analogous to that in Burma.

Department's attention is called to Prime Minister conversation (Embtel 508 August 12) in which he stated his government proposed offer best possible terms in accordance *Renville* Agreement to Republic and he hoped Republic would acquiesce inasmuch as Netherlands could not wait forever. In government's announced program August 12 (Embassy despatch 455 August 16<sup>2</sup>), Prime Minister reiterated government's intention do everything possible to obtain speedy solution to Indonesian problem, declared it is of great importance for Republic assume its place in USI and Netherlands fully prepared adhere its promises but at same time expects similar attitude from Republic.

While it is true Prime Minister recently expressed concern over possibility reaching agreement with Republic (Embtel 539 August 24<sup>2</sup>) he expressed hope Bandoeng non-Republicans might succeed bridging gap between Dutch and Republic. In this connection draft overall agreement with Republic, sent Batavia August 27 which Foreign Office hopes with modification might serve as basis for resuming negotiations with Republic under auspices GOC (Embtel 557 August 28; 560 August 30<sup>3</sup>).

Embassy has had no cabled reports on GOC activities since arrival Cochran and respectfully suggests it might continue serve useful purpose to repeat messages from Batavia for information this mission.

Department may wish pass Batavia.<sup>4</sup>

BARUCH

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<sup>2</sup> Not printed.

<sup>3</sup> Latter not printed.

<sup>4</sup> Repeated to Batavia on September 8.

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501.BC Indonesia/9-248: Telegram

*The Secretary of State to the Consulate General at Batavia*

SECRET      US URGENT      WASHINGTON, September 3, 1948—5 p. m.

399. Usgoc 134, Gocus 364<sup>1</sup> and 365.<sup>2</sup> In light your comment Neth draft agreement would not prove acceptable even as basis for opening discussion, Dept agrees you should not urge Neth Del present this text GOC.

Reference garble in Gocus 360.<sup>3</sup> Dept's only desire (para 3, Gocus 365) is that at no stage should USDel paper be discussed with one party without discussing with other.

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<sup>1</sup> Telegram 742, September 1, not printed, but see footnote 1, p. 313.

<sup>2</sup> Telegram 747, September 2, p. 315.

<sup>3</sup> Telegram 728, August 26, p. 306.

Re last sentence para 3, Gocus 365, Dept does not believe US plan should be presented as Neth Del plan.

MARSHALL

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501.BC Indonesia/9-348

*Memorandum by Mr. James W. Barco, of the Division of United Nations Political Affairs, to the Director of the Office of United Nations Affairs (Rusk)*

[WASHINGTON,] September 3, 1948.

Subject: The Indonesian Situation

The following are my brief comments on the present situation in Indonesia. It is apparent from the recent telegrams from the United States Delegation on the Good Offices Committee and the Consulate General in Batavia that the situation in Indonesia is rapidly approaching a point at which it may well be impossible to accomplish a peaceful settlement of the dispute between the Republic of Indonesia and the Netherlands Government. The principal features of the situation as it now stands are in my view the following: (I should like to note that the impressions I had at the time I left Indonesia on August 16, have been substantiated by the recent developments reported by the United States Delegation.)

1. The conviction of Indonesians within the Republic that the Netherlands Government has no intention, contrary to its public statements of transferring true sovereignty to an independent United States of Indonesia. Acts of the Netherlands Government giving rise to this conviction are:

(a) the Netherlands plans for the union between the United States of Indonesia and the Netherlands, which would leave a large share of political control in Netherlands hands;

(b) statements made by Netherlands Representatives in private conversations to the effect that sovereignty in the United States of Indonesia would in fact be qualified;

(c) the participation in the present Netherlands Delegation and Netherlands East Indies Government of Indonesian heads of departments who, obvious to all observers, are Netherlands appointees without any real responsibility;

(d) the practice of the Netherlands Delegation of taking every opportunity to threaten to break off negotiations, resulting in the impression being widespread that the Netherlands is anxious for negotiations to stop;

(e) the continuance of an economic blockage of the Republic by the Netherlands in contravention of the *Renville* Agreement resulting in widespread hardship among the people of the Republic;

(f) the failure of the Netherlands to consult with the Republic on a draft act for an interim government in Indonesia (see para. 2 below). This act, as drafted by the Netherlands on the recommendation of the



Bandoeng Conference, provides for virtually complete control by a Netherlands High Commissioner over the Government of Indonesia during the interim period prior to transfer of sovereignty and creates the impression that not even during this period does the Netherlands intend to relax its grip on Indonesia's internal affairs.

2. The Republic has in no way gained by the disposition of the Indonesian case in the Security Council, but, on the contrary, has lost ground rapidly since the signing of the Linggadjati Agreement and has lost large sections of Java, Sumatra and Madura to the Netherlands. While the *Renville* Principles and the Security Council resolutions provided that the positions and rights of the parties would not be prejudiced, the large sections of territory lost by the Republic in the military action of July 1947 have in fact been developed as states with all the appearance of permanency and the heads of these very states and of other states outside the Republic have assembled in a conference at Bandoeng which was originally announced by Netherlands authorities as being of simply a consultative nature, but which has resulted in another definite step being taken for formation of the United States of Indonesia. On the basis of recommendations made by the heads of state assembled in the Bandoeng Conference, the Netherlands Government has taken action to have the Netherlands Parliament enact legislation for an interim government in Indonesia without consulting the Republic as to the terms of the legislation. In the Republic's view this presents another *fait accompli* with respect to the provisions for an interim government. As a result, they feel one more step in the chain of events leading to establishment of a United States of Indonesia without the Republic has been taken.

3. Coupled with the conviction in the Republic that the Netherlands does not intend that the United States of Indonesia should be truly sovereign is the fear that the Netherlands plans for the establishment of an interim government will enable the Netherlands to take military action against the Republic under the guise of restoration of law and order and reestablishment of Dutch sovereignty. This fear is strengthened by the continued reference in Netherlands official documents and statements that before any transfer of sovereignty, the Netherlands must reestablish its authority in the whole of Indonesia. In the opinion of members of the Netherlands Delegation this would mean mopping up dissident elements in the Republic by the federal forces of the interim government. To the outside world this might have the appearance of civil war, but there is widespread belief among neutral observers that it would provide the occasion for the Netherlands eliminating the Republic as a political force. The latest evidence tending to bear out this contention is to be found in section 8 of the

draft overall agreement approved by the Netherlands cabinet as reported in Gocus 364, September 1,<sup>1</sup> to the effect that "as soon as during a period of at least 6 and at most 12 months under peace, order and security . . ." <sup>2</sup> a decision by democratic procedures will be taken with respect to the delineation of states within Java, Sumatra and Madura.

4. Present tension is daily increasing as a result of the continued failure of negotiations and especially as the result of recent actions by Netherlands authorities. These actions were the shootings which occurred when Netherlands forces recently broke up a meeting of Indonesian youths at the Republican headquarters in Batavia during the showing of a motion picture on the Princess Elizabeth's tour of Paris, the seizure of President Sukarno's house in Batavia which is the headquarters of the Republic in that city and regarded as a shrine by Republican adherents, and the decree of the Netherlands authorities that Republican Delegation members who have heretofore maintained homes in Batavia must remove their families and property to Republican territory. These actions have seriously exacerbated the situation, aroused new suspicions and animosities and have had the immediate effect of further postponing and making highly doubtful the resumption of negotiations.

5. As a result of the complete failure of negotiations since the signing of the *Renville* Agreement and the increasing difficulties of the Republic economically, the Indonesian people within the Republic are becoming increasingly discontented with the present situation and increasingly pessimistic as to the outcome of negotiations. The peoples' discontent is understandable to any observer who has seen the conditions under which normal life is carried on in the Republic; where as a result of the restrictions on trade imposed by the Netherlands, large sections almost totally lack consumer goods. As a consequence, the Republican Government of Dr. Hatta, which as now constituted is somewhat right of center, is experiencing increasing difficulty in maintaining its position against the pressures from the left and the agitation of the communists. While communists in the Republic are estimated by neutral observers at 2,000 or less, there are some able communist agitators who are making capital of the natural discontent of the population, and it can be prophesied that if the situation continues to worsen communist influence will expand rapidly. The fall of the Hatta Government, which is almost certain within a short time unless rapid progress is made in the settlement of the dispute, will inevitably result in a Left Wing government and increasing disturbances.

6. The present Republican Government's difficulties are increased by the almost complete lack of transportation and communications facilities owing to the Netherlands failure to lift restrictions on trade,

<sup>1</sup> Telegram 742, not printed, but see footnote 1, p. 313.

<sup>2</sup> As indicated in the original.

so that one area controlled by the Republic is frequently completely out of touch with another area. As a result, when disorders occur within the Republic, the government may be unable to move rapidly enough to contain them and the situation is sufficiently explosive that minor disorders can rapidly spread into a conflagration.

7. The overwhelming sentiment within the Republic is pro-Western and pro-American and there is widespread demand for American technical and educational assistance. Most Indonesians understand, moreover, that the solution of the dispute depends largely upon the position taken by the American Government but at the same time these Indonesians are rapidly losing faith that action by the American Government will in fact be soon enough or strong enough vis-à-vis the Netherlands to save the situation.

8. The time left for a solution which will eliminate a serious communist threat in Indonesia and provide a settlement preserving the legitimate interests of the Netherlands as well as American strategic and economic interests in the area is becoming very short, and chaos may result in the near future from spontaneous uprisings or inspired disturbances in which the Netherlands will undoubtedly attempt to restore order, bringing about an inevitable resumption of military action.

### *Conclusions*

1. The present situation in Indonesia is more critical than it has been at any time since military action began in July 1947.

2. The Dutch may resume military action at any time under the guise of restoring all law and order.

3. If military action is resumed there is little or no possibility that either side will be successful within a period of at least five years.

4. If fighting is resumed it will have three important and far-reaching results:

(a) It will continue to drain Dutch economic resources and keep essential Dutch manpower in Southeast Asia rather than in Europe;

(b) It will stimulate the growth of communism not only in Indonesia but throughout the vast populations of Southeast Asia;

(c) The Security Council would be unable to stop the fighting without the application of sanctions and Indonesia would be lost to the West both economically and politically.

5. The only hope for a present settlement lies in a more active role by the Good Offices Committee with simultaneous diplomatic pressure of the strongest sort by the United States on the Dutch.

### *Recommendations*

It is recommended that:

1. The United States plan be presented forthwith to the Good Offices Committee.



2. The Dutch be advised in the most serious and solemn fashion that unless they give bona fide consideration to this plan and adopt an attitude which in good faith looks toward the independence of the United States of Indonesia, the United States will be obliged to take one or more of the following steps:

(a) Take the initiative in bringing the Indonesian case back to the Security Council pointing out openly in the Council that the Dutch have not been acting in a bona fide fashion nor in accordance with the *Renville Agreement*.

(b) Withdraw from the Good Offices Committee on the same grounds.

(c) Accord recognition to the Republic.

(d) Establish direct trade relations with the Republic.

501.BC Indonesia/9-748 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET US URGENT

BATAVIA, September 7, 1948—8 a. m.

NIACT

761. Gocus 367. By Gocus 366<sup>2</sup> USDel transmits its draft political agreement wherein it has taken cognizance Netherlands draft act for interim period and endeavored preserve as much of Netherlands draft political agreement as possible. US-Aus working paper as revised by Department drawn on importantly. In addition USDel draft includes our experience and observations in light developments since leaving Washington.

We have not opposed in past and will not block in future any move made by either party to advance its own plan of settlement. We have avoided letting it be known we expected to put forward a USDel draft plan since this would prejudice the chances of acceptance of any plan put forward by either party and since there has been some reason to believe NethDel wished to put forward a Netherlands draft plan whatever its chances of acceptance. Having now seen Netherlands draft plan (Gocus 364)<sup>3</sup> we believe Republic and AusDel would react so strongly to it that chances of later acceptance of USDel draft plan would be seriously prejudiced since our draft incorporates some Netherlands ideas.

USDel urges Department consider Netherlands draft and USDel draft in light foregoing. If Department can persuade Netherlands

<sup>1</sup> Repeated in telegram 427, September 9, 11 a. m., to The Hague.

<sup>2</sup> Telegrams 756, September 6, 7 p. m.; 757, September 6, 8 p. m.; 758, September 6; 759, September 6; 760, September 6, 11 p. m., none printed. These were received between September 6, 5 : 15 p. m., and September 7, 3 : 09 p. m.

<sup>3</sup> Telegram 742, September 1, not printed, but see footnote 1, p. 313.

Government not to present Netherlands draft at all then we will discuss USDel informally with both parties as soon as we have received Department's comments on USDel draft. If NethDel should present Netherlands draft, USDel will await Republican reaction thereto before informally presenting USDel draft (including any amendments Department may wish to make) to parties and to GOC.

It will not be possible initially to discuss draft informally with both parties simultaneously since parties now geographically separated. Presentation USDel draft informally to NethDel and to Republic would be as close together as possible and reference then made to GOC without losing much time to consider parties' initial reactions.

USDel hopes Department may provide by machine code to Consulate General Batavia its comments on USDel draft by night Friday, September 10. Scott going to Batavia 6th to file Gocus 366 containing USDel draft, pick up any new instructions from Department or additional material from NethDel and return Kaliurang 8th. Cochran and Scott will both go Batavia 10th and await Department's reply. They would then present USDel draft agreement informally to NethDel. Present idea would then be return soonest Jogja and show draft informally to Republic.

USDel's considered opinion is that action should be quick as possible since we are convinced situation will deteriorate further unless overall political agreement reached. Developments past week strengthened USDel's conviction that Communists have been using nationalism as cloak in Republic and gaining strength as time passes, as no agreement consummated, as Soviet infiltration becomes more active, as Communist character of Sjarifuddin confirmed by fusion leftist political parties and as Communist-led youth groups get out of hand.

In addition AusDel at Kaliurang renewed its recommendation that GOC make early report to SC on recent developments. Frustrated in this today, we believe Critchley is encouraging Republic to make its own report direct SC with resultant obligation on GOC and NethDel to comment thereon.

Finally, in discussion with Cochran September 3 Sukarno and Hatta led him believe they feel seriousness their position sufficiently to tempt them agree to best overall offer USDel or GOC can get for them. They appear to believe they can still muster enough political support for acceptance by Republic of just plan. In conversation with Hatta September 5 as well as conversation with Pringgo Digdo same day, USDel gained impression present Republican leaders most anxious have early submission overall settlement and will not quibble over details.

USDel believes its draft offers Netherlands Government best assurances of law and order and opportunity for maintenance thereof as

well as extension most beneficial relationship with Indonesia that can be negotiated. When Cochran solicited at Hague any views on settlement that might be provided it was understood these would primarily set forth Netherlands desiderata and that counterproposals in consideration Republic interests and any other helpful ideas on question would be welcomed by Hague in turn. Consequently Cochran thinks Netherlands position subject to much modification in spite Netherlands draft prior approval by Cabinet.

USDel would appreciate Department's approaching Netherlands Government in support USDel draft if Department finds it acceptable in light foregoing observations. Department might stress that USDel feels that no chance of any plan more favorable to Netherlands being accepted either by RepubDel or AusDel and that further delay in reaching settlement or leaving Republic out of federation plans would lead to more dangerous situation, spread of communism, costly chaos and fighting. As matters stand, economic situation of Republic in present boundaries and circumstances is weak; economic plans of Republican leaders are visionary; economic future of Republic as permanently partitioned unit would not be promising. Cochran would not recommend partitioned Republic as loan risk and realizes Netherlands credit must necessarily suffer while Indonesian question remains unsolved. Foreign loans which would be needed by both parties to union statute could be justified only if peaceful settlement is achieved. It is presumed Eugene Black has given Department benefit his views in this specialized field. This connection it would help much if USDel could tell Republic that we would favor financial help in which all states of peaceful federation would share according to their needs and dependent upon their capacity utilize shares of loans efficiently and as sound borrowers.

To both parties and also to GOC we should like to be able to say that USDel draft has Department's support. We believe this to be essential to parties favorable consideration of draft.

Livengood concurs. Signed Cochran.

LIVENGOOD

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856e.00/9-748 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

CONFIDENTIAL

BATAVIA, September 7, 1948—11 a. m.

763. Masjoemi yesterday resolved to support Hatta's policy against destructive elements in state, PNI will also support him. Reports from

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<sup>1</sup> Repeated in telegram 427, September 9, 11 a. m., to The Hague.



Djocja indicate Hatta has over 60 percent support in Working Committee.

High Republican informed member ConGen staff yesterday that lines now clearly drawn and are general non-Communist versus Communist rather than along old party lines; that Masjoemi will remain solidly against Communism; that Hatta prepared to take strong action against intransigent elements, that Hatta can negotiate and sign an agreement; that there will be difficulties in implementation of agreement and Hatta will require assistance. Further, that Dutch offered assistance but Republic refused. When queried, indicated that Republic might accept assistance from purely Indo troops possibly under supervision of Santoso but certainly no direction or guidance from General Spoor and would refuse to have any Dutch officers or troops involved.

Finally source said Hatta desires to know US official stand particularly regarding assistance to Republic against Communists.

LIVENGOOD

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501.BC Indonesia/9-848 : Telegram

*The Secretary of State to the Consulate General at Batavia* <sup>1</sup>

SECRET      NIACT

WASHINGTON, September 8, 1948—7 p. m.

408. Usgoc 135. Dept approves in general plan set forth Gocus 366 <sup>2</sup> and 367 <sup>3</sup> and congratulates you on plan and analysis situation. Dept agrees with you time factor of greatest importance present situation and hopes therefore you can proceed immediately with presentation plan to both parties and Aus and BelDel soonest. Dept believes strongly plan should be discussed simultaneously with both parties (Usgoc 133 <sup>4</sup> and 134 <sup>5</sup>). Accordingly Dept suggests member USDel discuss plan with Rep in Jogja same time member USDel discusses plan with Neth in Batavia. This of great importance in view possibility manner presentation may be aired in SC.

Sep 9 pm Dept will request Neth Emb Wash accordance your suggestions (a) Neth withhold presentation Neth plan, and (b) Neth give full support USDel proposal as modified by Dept comments set forth below. Substance your plan as so modified will be communicated to Neth Emb. Any embarrassment caused by this acceleration can be rectified here after receiving your comments. Dept will inform you results that conversation.

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<sup>1</sup> Repeated in telegram 426, September 9, 11 a. m., to The Hague.

<sup>2</sup> Telegrams 756-760, September 6, none printed, but see footnote 2, p. 322.

<sup>3</sup> Telegram 761, September 7, p. 322.

<sup>4</sup> Telegram 396, September 1, p. 314.

<sup>5</sup> Telegram 399, September 3, p. 317.

You should assume NethDel Batavia will capitalize fully on its knowledge existence and contents plan immediately it is informed by Neth Emb Wash.

Dept offers following suggestions your most serious consideration but leaves to your discretion final disposition of all except change of Article 20 para 1 which Dept believes you should incorporate.

In accordance this program you should proceed and discuss plan with both parties and GOC forthwith.

Delete first WHEREAS clause as unnecessary in light of preceding reference *Renville* Agreement and past difficulty caused by over-emphasis this concept.

Second WHEREAS clause. Dept notes inconsistency between this clause and Art 36. Accordingly, suggest rephrasing as follows: "WHEREAS, The transfer of sovereignty of Indonesia to the USI is desired by both parties, and WHEREAS To this end, the following steps should be taken:"

Art 3, para 5. Delete words "or regulations" throughout that para.

Art 4, para 3. To avoid ambiguity revise para as follows: "On its entry into the Provisional Federal Government, the Republic shall appoint to the Federal Council a number of representatives which shall be equal to  $\frac{1}{2}$  of the total membership of the Federal Council exclusive of the Republic's membership; that is to say,  $33\frac{1}{3}$  per cent of the total final membership. The Government of each other member state and the administrative board of each participating territory shall name one representative to the Federal Council."

Art 9, para 3. To avoid ambiguity revise last 4 words of first sentence to read: "or fraction over 50 per cent thereof".

Art 15, Part (B). Insert words "in the Federal Representative Assembly" after the words "for ratification to the representatives".

Art 16, para 2. Delete words "under its control". Purpose to make it consistent with Art 12, para 2.

Art 20, para 1. Delete para and substitute following: "The Federal Representative Assembly shall elect a president who shall name a prime minister". Dept does not believe that your draft para 1 would be acceptable to Republic or Australia nor would it contribute to viable or stable government during interim period. Dept does not believe therefore that it should be sponsored by US Govt.

Art 21, para 2. Revise last clause to read: "the actual conduct of the several parts of the administration to appropriate parts of the Provisional Federal Government under the president and the prime minister".

Art 22, para 1. Dept is worried over grant of power to high commissioner to declare emergency. If this is acceptable to Republic we

have, of course, no objection but suggest that it may be desirable to provide that a state of emergency may be declared by the high commissioner only after agreement with the president or prime minister, or after consultation with GOC. You may wish to change draft along these lines prior to presentation of plan to both parties.

Art 32. Delete all words following after words "Secretary of State for Foreign Affairs".

Annex 2. In preambulatory clause substitute word "provisions" for "principles".

Annex 3, para 14. Is addition of a date desirable in this para?

Last unnumbered para Gocus 366. Dept believes inclusion of language removing Indonesian question from SC seized list is inconsistent with Art 35 of draft agreement and might raise question of authority of SC to maintain GOC on spot for purposes contemplated in Art 35.

MARSHALL

856e.00/9-748: Telegram

*The Secretary of State to the Consulate General at Batavia*

SECRET US URGENT WASHINGTON, September 9, 1948—6 p. m.

411. Dept appreciates info Congentel 763 Sep 7 and is deeply concerned Communist threat to present moderate Repub regime. Accordingly if you think desirable, you may your discretion communicate to Hatta following:

a) US Govt will in every practical way assist democratic non-Communist govt of Indonesia successfully to resist Communist tyranny.

b) Dept believes stability Hatta regime best assured through acceptance both parties just and practical settlement Dutch-Repub dispute. US now making every effort find basis such settlement. For ConGen info, Dept will back Cochran plan (Gocus 366<sup>1</sup> and 367<sup>2</sup> and Usgoc 135<sup>3</sup> and will request Neth Emb to secure Hague support. Coordinate, therefore, your representations this point with Cochran.

c) Dept will support extension financial help in which all states of peaceful federation Indonesia would share according to their needs and dependent upon their capacity utilize shares of loans efficiently and as sound borrowers. For ConGen info, Cochran requested permission (Gocus 367) to use this language in representations to Repub. Therefore, you should coordinate carefully with Cochran on this point

<sup>1</sup> Telegrams 756-60, September 6, none printed, but see footnote 2, p. 322.

<sup>2</sup> Telegram 761, September 7, p. 322.

<sup>3</sup> *Supra*.



determining with him which of you can most effectively make use of this approach.<sup>4</sup>

MARSHALL

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<sup>4</sup> Repeated as 431 to The Hague.

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501.BC Indonesia/9-948: Telegram

*The Secretary of State to the Embassy in the Netherlands*

SECRET

WASHINGTON, September 9, 1948—6 p. m.

430. Gocus 366 in five parts<sup>1</sup> being cabled for info and study, not for discussion Neth officials. Also Gocus 367<sup>2</sup> being transmitted same purpose.

Batavia's 763, Sep 7 from Livengood also being cabled.

You will note from Dept's reply<sup>3</sup> [to] Gocus 366 and 367, Dept views favorably general substance Gocus 366 and procedure proposed USDel. Dept further proposes give diplomatic backing proposals which USDel will present in Batavia. At proper time Dept will communicate with you re measures that may be necessary take with FonOff Hague. Meanwhile re info contained Batavia's 763 and Gocus 367, Dept believes constructive purpose could be served by your having informal conversation with appropriate officials FonOff, stressing great importance which US attaches to bolstering Hatta Govt this juncture, emphasizing good results which we believe will accrue from serious attempt on part Neth reps to place reliance in Hatta in order prevent further swing toward Communism within Republic. We can see distinct possibility stable and responsible govt under leadership Soekarno and Hatta arising out present crisis within Republic, with which Govt Neth can with confidence negotiate and sign definitive political agreement. There seems to be no question but that Neth officials Batavia can deftly contribute to strengthening Hatta's position and should do so promptly as possible in order prevent further deterioration.

In making above informal suggestions, you should make no mention USDel's proposal contained Gocus 366 and 367 until proposal submitted Batavia.<sup>4</sup>

MARSHALL

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<sup>1</sup> Telegram 756-60, September 6, none printed, but see footnote 2, p. 322.

<sup>2</sup> Telegram 761, September 7, p. 322.

<sup>3</sup> See telegram 408, September 8, p. 325.

<sup>4</sup> Repeated as 410 to Batavia.

501.BC Indonesia/9-948 : Telegram

*The Secretary of State to the Embassy in Belgium*

SECRET

WASHINGTON, September 9, 1948—6 p. m.

1325. Following concerning Indonesia is for your info and use as suggested below in informal conv with appropriate official Fonoff:

As reported by USRep on GOC, Merle Cochran, and by ConGen Livengood, political situation within Rep Ind has recently deteriorated markedly. Large elements Left Wing Reps have fused with Communists. Present Rep Govt, headed by Hatta, is resisting pressure from left, can successfully hold out provided Hatta can show promptly real success in negotiations before GOC leading to settlement Dutch-Rep dispute. Cochran reports that Dutch may come forward with proposal for political settlement substance of which, in his opinion, would be unacceptable to Rep and would lead to further deterioration Hatta's position. Cochran has submitted to Dept detailed draft for political settlement, requesting Dept's comments on substance thereof and further requesting Dept's concurrence to USDel's submitting this proposal to both disputants and to BelgDel and AusDel simultaneously on Sept 10. Dept has replied to Cochran, commenting on draft proposal and supporting in general this proposal, agreeing also to procedure based on Cochran's evaluation necessity to submit proposal soonest.

Dept feels would be helpful for you to discuss informally with FonOff reasons for USDel's thus taking initiative in GOC, emphasizing (a) Dept's view that time is of the essence in preventing further deterioration within Rep (b) that plan proposed by USDel appears to offer practical and just implementation *Renville* agreements (c) our hesitation at proceeding without full concurrence our GOC colleagues, but our reliance upon their understanding and cooperation in achieving full GOC support in mutual effort to attain solution in Ind.

In discussing this matter, your attempt should be to forestall objections by Belg Rep on GOC to procedural irregularity, rather than full-scale attempt to sell content of USDel's proposal to Belg Govt. Dept believes that proposal itself should be made known in Batavia and will be self-justifying as practical and fair program for implementation *Renville* agreements. You will be sent copy draft proposal airmail.<sup>1</sup>

MARSHALL

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<sup>1</sup> An identical telegram, 222, September 10, 7 p. m., was sent to Canberra, *mutatis mutandis*. (856e.01/9-1048) In reply, telegram 225, September 16, 6 p. m., from Canberra (repeated in 451, September 17, 6 p. m., to Batavia), reported the view of the Australian Foreign Office that everything depended upon American firmness with the Netherlands but that Australia would do what it could to save Indonesia from a Communist government. (856e.01/9-1648)

501.BC Indonesia/9-1048: Telegram

*The Secretary of State to the Consulate General at Batavia*

SECRET      US URGENT      WASHINGTON, September 10, 1948—5 p.m.

427. Usgoc 137. Counselor Neth Emb and First Secretary called Sep 9 Dept's request. Dept officers, noting seriously increasing pressure on Hatta Govt of Communist origin, stated Dept believed prompt action consolidate Hatta's position essential; suggested that only realistic means assuring stability Hatta Govt lay in acceptance by parties just and practical settlement which would accommodate legitimate nationalist aspirations Repub and non-Repub Indonesians; such solution could not be offered by one party to other under present circumstances with any hope acceptance and only GOC or USDel was in position offer plan which could be accepted by both parties; pointed out Cochran had seen Neth plan and believed not only that it would be unacceptable to Repub but its presentation this time would seriously prejudice acceptance compromise USDel plan if offered subsequently; Cochran had developed plan Dept believed entirely just and eminently practical and was prepared energetically support, which Cochran would offer both parties simultaneously within next few days. Dept officers therefore requested Neth Emb Washington request Hague forego presentation Neth plan to Repub, to GOC or to Bandung Conference and prepare favorably and finally consider USDel proposal when submitted Batavia.

Dept officers stated they were prepared describe contents plan to Neth Emb Wash if Neth Emb desired but suggested representations to Hague by Neth Emb would be less subject future complications if contents plan not discussed this occasion. Neth Counselor agreed.

Having expressed serious misgivings Hatta's ability validate any reasonable agreement, Neth Counselor expressed his willingness recommend course suggested by Dept to Hague in most persuasive manner; if Hague agreed this course action it would in effect be placing its destiny in Indonesia in hands USDel sight unseen. Dept officers pointed out risk involved relatively small in that Hatta's failure validate agreement would leave situation no worse in any important particular than it now is. Dept officers made special point accommodation nationalist aspirations Repub as necessary condition precedent action against Communists whether taken by Hatta in concert with Neth and/or US or alone. Dept officers also made clear in their opinion Hatta together with Masjoemi and PNI (Congen tel 763 Sep 7) could in these circumstances be drawn into realistic cooperation with Neth in degree impossible before.



Dept officers made clear plan was no "Dutch deal" and that concessions to Repub were incorporated therein sufficient enable Hatta return his govt bearing a square deal.<sup>1</sup>

MARSHALL

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<sup>1</sup> Repeated as 434 to The Hague.

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501.BC Indonesia/9-1048 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

SECRET

THE HAGUE, September 10, 1948—6 p. m.

590. Jessup and Ross<sup>1</sup> arrived yesterday, conferred at length Secretary General Lovink and De Beus of Netherlands Permanent Delegation UN. Satisfactory conversations resulted all matters forthcoming GA including Indonesia. This morning Foreign Minister,<sup>2</sup> Ambassador Van Royen further considered with Jessup, Ross and myself all problems covered recent communications re UN. Later full discussion concerning Indonesian situation with Dr. Blom and associates covered recent developments Indonesian situation as concerned UN and SC interest therein with special emphasis on increasingly threatening Communist developments in Republic circles and confession Sjarifoeddin to membership Communist Party since 1935.

Jessup and Ross expressed great satisfaction result visit and departed Brussels 11 a.m. today.

BARUCH

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<sup>1</sup> John C. Ross, Deputy to the U.S. Representative at the UN.

<sup>2</sup> D. U. Stikker.

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856e.00/9-1048 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*<sup>1</sup>

SECRET

THE HAGUE, September 10, 1948—6 p. m.

593. In absence of Foreign Minister, discussed informally with Secretary General Lovink matter contained in your 430 September 9, 5 [6] p. m. Lovink assured me that it was policy of his government to do everything possible to achieve an agreement with Djocja which would make feasible an acceptable political agreement under *Renville* Agreements. He agreed in principle with suggestion of building up

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<sup>1</sup> Repeated in telegram 418, September 13, 7 p. m., to Batavia.

Hatta and said that Van Mook had had serious conversations with Hatta along this line. He further expressed himself as believing that if suggestion contained in our informal conversation could be followed out he was very fearful that Hatta with all of backing Netherlands could give him might fail in carrying Djocja government with him; that if Hatta were placed in position of agreeing to any workable plan he doubted very much if Djocja would follow him and that Hatta's position would be seriously jeopardized in this way which Lovink would deplore, but Lovink understands acuteness of situation and will immediately place suggestion before his government as forcefully as he can within limitations above outlined by him.

It is my opinion that present Netherlands Government is deeply cognizant of its responsibilities and extremely anxious for helpful suggestions and will do everything in their power to achieve political agreement within government's responsibilities to the Netherlands people.

BARUCH

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501.BC Indonesia/9-1048: Telegram

*The Ambassador in Belgium (Kirk) to the Secretary of State*<sup>1</sup>

SECRET

BRUSSELS, September 10, 1948—8 p. m.

1703. Appropriate portions Deptel 1325, September 9, conveyed to Loridan who said that without knowledge contents American proposal he could not offer an opinion but pointed out that our departure from usual procedure might conceivably do more harm than good. Embassy again referred to Department's concern regarding grave deterioration situation Indonesia and Loridan said similar fears had been expressed in London whence he returned last night. He feared however that if our proposal contained points on which other two members GOC could not fully agree or for example it contained points which one of disputants might seize upon and refuse make concessions this could conceivably aggravate problem.

On other hand in interview with Spaak<sup>2</sup> which took place at same time Spaak referred Indonesian situation and volunteered to Jessup and me that what was needed was more push and this would have to come from US.

KIRK

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<sup>1</sup> Repeated in telegram 419, September 13, 7 p. m., to Batavia.

<sup>2</sup> Paul-Henri Spaak, Belgian Premier and Minister for Foreign Affairs.

501.BC Indonesia/9-1148 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET US URGENT

BATAVIA, September 11, 1948—5 p. m.

774. Gocus 371. GOC plane brought to Jogja forenoon September 10 Usgoc 135<sup>2</sup> and USDel received it Kaliurang 1 p.m. USDel appreciates Department's support plan set forth Gocus 366.<sup>3</sup>

Cochran and Scott proceeded 3 p. m. to Batavia. At 9:30 p. m., Batavia time, September 10, they presented text of plan to Netherlands delegate Schuurman with Riphagen present, under cover following memorandum:

"Strictly confidential.

"1. This an informal and strictly confidential oral note setting forth a draft agreement for an overall political settlement which the USDel hopes both parties may consider a suitable basis on which to resume negotiations under the auspices of the Committee of Good Offices.

"2. This draft has not been previously discussed with anyone outside of the United States delegation.

"3. At exactly 2130, Batavia time, September 10, it is being presented simultaneously to the Netherlands authorities and to the Republican authorities.

"4. At exactly 10:30, Batavia time, September 11, it will be presented simultaneously to the representatives of Aus and the representative of Belgium on the Commission.

"5. The purpose of presenting this oral note in this informal and strictly confidential manner is to see whether this draft can be regarded by both parties as a suitable basis for them to resume political negotiations looking toward an overall settlement.

"6. After both parties have had an opportunity to study this draft, the USDel would appreciate hearing from them as to whether they consider it a suitable basis on which to resume negotiations under the auspices of the Committee of Good Offices.

"7. After hearing the views of both parties as to whether this draft would form a suitable basis on which negotiations could be resumed, the USDel would be prepared to introduce in the Committee of Good Offices the text of this draft as a working paper.

"8. The USDel requests both parties and the other representatives on the Committee of Good Offices to take all steps necessary to prevent disclosure at this time either of existence of this paper or of the details thereof."

Lisle<sup>4</sup> remained Kaliurang to present copy of plan at corresponding hour to Hatta or Sukarno or Roem at Jogja, with identical memo-

<sup>1</sup> Repeated in telegram 441, September 13, 7 p. m., to The Hague.

<sup>2</sup> Telegram 408, September 8, p. 325.

<sup>3</sup> Telegrams 756-60, September 6, none printed, but see footnote 2, p. 322.

<sup>4</sup> Raymond E. Lisle, member of the U.S. delegation to GOC.



randum. At 10:30 a. m., Batavia time, September 11, Lisle was to present copy of plan and identical memorandum to Aus representative Critchley and Belgian representative Herremans in Kaliurang.

Draft was amended to include all Department's suggestions except the first which pertained to deletion of first whereas clause. True reading of Usgoc 135 brought to Kaliurang was garbled so that everything omitted from word "acceleration" in 2nd paragraph through word "concept" at end of 6th paragraph. After receiving from Consul General in Batavia night of 10th true reading of portion of message omitted through garble, it was too late to get word to Lisle at Kaliurang. The text of agreement has therefore been submitted to both parties and to Aus representative and Belgian representative with first whereas clause included. USDel agrees, of course, that first whereas clause was unnecessary in light of preceding reference to *Renville* Agreement. We do not believe, however, that its inclusion in this instance need revive past difficulties.

There follows precise language used in those amendments where option was left to USDel:

[Here follow paragraphs on changes made.]

As Department anticipated (2nd paragraph Usgoc 135), NethDel regards presentation USDel's draft as "surprising departure in procedure". Schuurman and Riphagen pressed this point for about 2 hours. Schuurman had received some word from The Hague that American plan was to be presented, but expressed surprise that there had not been further exchange of views with NethDel regarding Netherlands draft prior to presentation USDel draft. He definitely feels our action now makes impossible NethDel submit any plan with hope of adoption. He asked how soon we expected reply from NethDel as to whether they consider US draft agreement suitable basis for resumption discussions between parties. We fixed no date and insisted this was no ultimatum. Schuurman obviously would prefer, if USDel plan is to be rejected by either party, that Republicans rather than Netherlands be the party that rejects it. Consequently, Department will appreciate need for reminding Netherlands Government of desirability of earliest possible decision in favor of plan. While we discussed procedural matters at length with Schuurman and Riphagen and indicated willingness to explain any points which they do not understand in text itself, we stressed that we could not attempt any "clarification, elucidation, or interpretation". We stated that this must all be left to negotiation between the two parties once they agree to negotiate with USDel draft as basis.

Cochran and Scott plan return Jogja Monday and be available for any questioning by Republican officials and by Aus representative and

Belgian representative. Consul General showed USDel his 763<sup>5</sup> and Deptel 411.<sup>6</sup> Livengood and Cochran agreed that approach to Republicans should be left to Cochran. Signed Cochran.

LIVENGOOD

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<sup>5</sup> September 7, p. 324.

<sup>6</sup> September 9, p. 327.

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501.BC Indonesia/9-1348 : Telegram

*The Secretary of State to the Consulate General at Batavia*

CONFIDENTIAL

WASHINGTON, September 13, 1948—3 p. m.

US URGENT

415. Usgoc 138. Dept requested US Chiefs Missions Canberra Brussels Sept 10 approach FonOffs Australia, Belgium respectively explaining circumstances Indonesia necessitating approach to parties and members GOC suggested Gocus 367<sup>1</sup> and asking support those govts USDel plan. Same day Dept called Counselor Brit Emb Wash, made similar explanation similar request, pointing out absolute necessity Brit FonOff avoiding appearance knowledge of plan until Brit ConGen Batavia officially informed. Accordingly, Brit FonOff will not discuss existence plan until Dept receives Cochran's signal. Dept will take similar steps Sept 13 and 14 Aus Bel Embs Wash, also consider similar conversations Wash representatives India, Pakistan, possibly Philippines. Finally Dept will discuss situation, plan and procedure representatives Indonesia Lake Success Sept 14.<sup>2</sup>

MARSHALL

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<sup>1</sup> Telegram 761. September 7, p. 322.

<sup>2</sup> Repeated as 438 to The Hague.

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501.BC Indonesia/9-1348 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET

US URGENT

BATAVIA, September 13, 1948—8 p. m.

777. Gocus 373. In Batavia afternoon September 11 Cochran received Prime Minister of Eastern Indonesia<sup>2</sup> at latter's request. Prime Minister recalled meeting Cochran in Hague and stated he would be returning Hague shortly with other Bandung representatives to give their views on Netherlands delegation draft act for interim

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<sup>1</sup> Repeated in telegram 444, September 14, 7 p. m., to The Hague.

<sup>2</sup> Anak Agoeng Gde Agoeng.

period. He said his group not at all pleased with Netherlands draft and that they would present Hague their minimum demands. He sought any word we could give him following our recent stay in Republican territory as to reaction of Republican officials to draft act. He was member of Bandung group that presented their resolutions to Republican authorities for latter's information. He said no comments received from Republic. He understood that Netherlands authorities had not communicated with Republicans in regard to draft act, but presumed Republicans were familiar with provisions thereof. Cochran recalled to Prime Minister that Soekarno's third anniversary speech set forth the 4 conditions on which Republic would enter provisional government. Prime Minister said these points also repeated in Hatta's address to working council. Cochran had no further comments.

Prime Minister indicated sympathy on his part with Republic and hope that Republic would be drawn into plans for federation as early and as helpfully as possible. He said Republic is manifestation of hopes and aspirations of so many Indonesians that it must figure in any federation.

Saturday evening Cochran met accidentally and talked briefly with Dupont, adviser of Netherlands delegation Batavia, who had participated in one meeting at Hague when Cochran there. Dupont revealed he had been given copy US delegation plan to study. He was unhappy that we had moved to quick presentation without further exchange of views with Netherlands delegation. He thought provisional government should last 5 years and stressed difficulty of elections prior re-establishment law and order. Without arguing substance of draft, Cochran stressed recent deterioration Indonesian situation and necessity for prompt decision and inclusion representation Republic in plans for Indonesian federation.

Following lengthy discussion on procedure evening September 10 (Gocus 371<sup>3</sup>), Cochran and Scott stayed in Batavia until morning September 13 to receive initial Netherlands delegation reaction to substance US delegation's plan. None was forthcoming until evening September 12, when Riphagen paid 30-minute call on Scott. Although we had told Riphagen and Schuurman on evening September 10 that procedure followed in presenting draft simultaneously to parties was in accordance with Department's views, Riphagen began by again referring to dismay with which Netherlands delegation regarded procedural aspects of presentation of plan. He was told that any acceleration apparent on our part should be weighed against deceleration in Netherlands schedule contemplated at time of Blom's visit in Department last July and against march of events in Republic.

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<sup>3</sup> Telegram 774, September 11, p. 333.



Turning to substance of US delegation's draft, Riphagen characterized it as "90 percent Dubois plan" and added that 5 percent of remainder was better and 5 percent was worse than its predecessor. Points he included under "worst 5 percent" were institution of office of president and holding of elections "prior to restoration of law and order". Asked whether restoration of law and order presupposed modification of truce agreement prior to elections to permit access Dutch forces to territories now under Republican control, Riphagen replied that "that was one way to put it", but that this was not to be interpreted to mean large-scale police action on part Netherlands forces.

Single point Riphagen included under "best 5 percent" was draft's "endeavor to adhere to federal principle through incorporation of federal council".

In response to query as to whether US delegation's draft could be changed prior to presentation as working paper to GOC, Riphagen was told that US delegation would be glad to incorporate any changes agreed to by both parties before presenting draft as working paper, but that all this meant was that negotiations would take place at oral note rather than working paper stage.

Riphagen said that views he had expressed were entirely personal. There is no doubt, however, that they reflect initial reaction of Netherlands delegation and of Neher. Riphagen reported that Neher had commented on plan as being "very disappointing".

Personal relationships with individual members Netherlands delegation appear to be pleasant as ever but iciness in general atmosphere now becoming increasingly noticeable.

If Netherlands delegation's views are any indication, we believe Department will encounter severe opposition in persuading Hague to accept US delegation draft as basis negotiations. For this reason, US delegation again urges Department to do all it properly can this connection before Netherlands delegation opinion crystallizes into more rigid opposition. Signed Cochran.

LIVENGOOD

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856e.00/9-1348 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*<sup>1</sup>

SECRET

THE HAGUE, September 13, 1948—8 p. m.

600. Boom [Boon]. Political Department FonOff, today handed Embassy copy Cochran proposals and advised cabinet considering to—

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<sup>1</sup> Repeated in telegram 424, September 14, 7 p. m., to Batavia.

night whether they constitute acceptable basis for resumption negotiations. He intimated some Dutch officials were under impression that Cochran would consult with Netherlands authorities again before submitting any proposals but admitted that pressure of events and regard for sensibilities all concerned could be understood as justification for procedure followed. Draft contained proposals important from Dutch point of view but others on which it would be difficult to secure agreement of cabinet as now constituted. He wondered whether Department fully realized the possibility in connection with this critical problem that situation might arise where Dutch Government with best will could not achieve the majority necessary to implement an agreement which Indos would accept.

Embassy impression is Netherlands authorities find Cochran proposals hard but at same time an honest effort to reconcile difficulty. They also recognize importance of US endorsement these proposals.

BARUCH

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501.BC Indonesia/9-1348: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET      US URGENT

BATAVIA, September 13, 1948—9 p. m.

778. Gocus 374. Cochran and Scott returned Kaliurang from Batavia 9 a. m. September 13. Lisle delivered copy USDel draft and covering memorandum to Chairman Roem of Republican delegation at 9 p. m. September 10 in Jogja in presence Tjoa of Republican delegation. Republican representatives showed particular interest in problems of TNI and foreign relations of Republic. Both seemed gratified at date fixed for transfer of sovereignty. Roem expressed some concern when he noted GOC would not continue functioning throughout entire interim period.

Lisle delivered identical copies to Belgian representative Herremans and Australian representative Critchley at 10 a. m. September 11 in Kaliurang. Herremans expressed approval manner plan presented simultaneously to both parties. Critchley asked general questions about framework of interim government. Lisle reports there have been no further reactions since copies were presented as above indicated, and that he has participated in no further discussions thereof.

We have appointment September 13, 5 p. m. with Hatta to provide any background he may desire in reaching decision as to acceptability of USDel draft as basis for resumption negotiations. Signed Cochran.

LIVENGOOD

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<sup>1</sup> Repeated in telegram 444, September 14, 7 p. m., to The Hague.

856e.01/9-1448: Telegram

*The Secretary of State to the Embassy in the Netherlands*

SECRET

WASHINGTON, September 14, 1948—6 p. m.

443. Van Kleffens called upon Lovett Sept 14 on subject Indonesia. He stated decision taken by Neth Cabinet send Stikker and Blom Wash Thurs this week confer Sec and UndSec on draft proposal submitted by Cochran, and requested our agreement. When queried, van Kleffens stated that purpose FonMin's visit here would be two-fold: (a) to point out certain respects (unspecified by van Kleffens) in which draft proposal was considered by Neth Govt as impractical; (b) to point out political difficulties of Neth Govt in obtaining necessary two-thirds vote in States General to implement certain unacceptable points Cochran proposal.

UndSec replied that we would, of course, be pleased to receive Neth FonMin and Dr. Blom, if Neth Govt deemed it advisable and necessary for them to make trip, and that appointment with Sec could be arranged for Fri Sept. 17. However, UndSec raised with Amb certain points which in his opinion might render it inadvisable for Neth FonMin to proceed to Wash at this juncture, namely (a) necessity locus negotiations remain Batavia, (b) possibility FonMin's visit to Wash would appear to Rep as evidence US-Neth complicity, with resulting difficulty Cochran's transmitting to Rep any changes proposed by Neth.

From van Kleffens's remarks, it appears that regardless his advices to Hague, decision has already been taken for Stikker and Blom proceed Wash. You are requested, therefore, inform appropriate official FonOff US Govt assumes Neth Govt has carefully considered points a and b above in connection with FonMin's proposed visit, and attendant risks to successful negotiations in Batavia. In event decision remains that Stikker and Blom's visit is necessary, inform FonOff that US Govt would be pleased to receive them.<sup>1</sup>

MARSHALL

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<sup>1</sup> Repeated as 423 (Usgoc 139) to Batavia.

501.BC Indonesia/9-1548: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET US URGENT

BATAVIA, September 15, 1948—7 p. m.

788. Gocus 375. RepDel submitted GOC September 14 copy of report to SC on recent developments in Indonesia. Transmitting letter dated September 9 noted report had already been sent Palar with



instructions not present it to SC before September 25 and requested copy be sent NethDel. Procedure followed is that set forth Gocus 203. March 25.<sup>1</sup>

In lengthy conversation evening September 14 Pringgo Digdo told USDel Palar will be instructed not to submit report if negotiations satisfactorily resumed by September 25. In response query he explained it had been originally intended transmit report September 9. After submission USDel plan September 10, decision forward report suspended. September 14 decision taken to forward in any event on theory it would hasten Netherlands acceptance USDel plan as based negotiations. We told Pringgo Digdo with considerable emphasis submission report to SC at this time might have opposite effect on Netherlands; namely, it might logically precipitate counterproposals from their side and if reasonable and in accord with *Renville*, we would have no reason to argue in favor resumption negotiations on basis USDel plan rather than reasonable Netherlands plan. We also told Pringgo Digdo that Republic itself not yet accepted USDel plan and we had been informed there was opposition to plan in various circles Republican opinion. Finally, we told him if Republic wished Netherlands accept USDel plan, only effective pressure Republic could apply this connection would be prompt and unqualified acceptance USDel plan by Republic.

Summary of report which is eleven pages follows:

There has been rapid deterioration in relations of parties since committee's third interim report. General outlook now far worse than at any stage since SC intervention. RepDel believes it has obligation under SC resolution of February 28 to report any significant retrogression.

Republic considered many military provisions *Renville* unfair but accepted them because principles which were to form basis early political agreement gave overall settlement a balance. It now appears that Netherlands having achieved military advantages of truce now reluctant to carry out remainder *Renville*, Netherlands has stilled world opinion by pretext of negotiating but meanwhile continued unilateral policy, namely setting up new states, forming provisional government, convening Bandung Conference, and other examples cited previous reports.

NethDel has refused consider AusDel-USDel proposals. This confirmed growing conviction in Republic that Netherlands does not want settlement based on *Renville* but determined to proceed unilaterally to set up USA [*USI*] without Republic and without full sovereignty.

Report ends as follows:

"Republic trusts that SC will review situation and consider whether time has not arrived when hands of GOC should be strengthened by

<sup>1</sup> Telegram 251, March 25, not printed, but see footnote 4, p. 127.

granting of wider and more effective powers so that growing danger to maintenance of international peace and security may be averted."

Signed Cochran.

LIVENGOOD

501.BC Indonesia/9-1348 : Telegram

*The Secretary of State to the Consulate General at Batavia*

SECRET US URGENT WASHINGTON, September 16, 1948—7 p. m.

428. Usgoc 141. We are pleased progress made and manner presentation draft agreement (Gocus 371 Sept 11). Re Annex 3 para 14 draft agreement, date Dept had in mind did not relate to time set for transfer of ownership but related date to be fixed for determination properties owned by NEI Govt, e.g., "property owned by the Govt of the NEI on January 17, 1948". You may wish make some such provision.

Re Gocus 373<sup>1</sup> Dept will continue endeavor impress Neth with fact our full support USDel draft agreement as well as our being in full accord with procedure followed. This connection we hope that NethDel will not conclude USDel draft agreement simply another basis for resumption negotiations. On contrary we do not believe time remains for prolonged negotiations and after lengthy consideration are of opinion USDel draft represents most that can be expected. While we do not of course wish prevent or make difficult changes agreed upon by both parties we do not consider it likely such agreement will be forthcoming. We therefore hope you will be able dispel any impression NethDel has that we are prepared see USDel draft undergo prolonged debate.

Re Gocus 374<sup>2</sup> para 1, understand Art 35 para 2(a) USDel draft to provide basis for continuance GOC after inauguration Provisional Federal Govt.

MARSHALL

<sup>1</sup> Telegram 777, September 13, p. 335.

<sup>2</sup> Telegram 778, September 13, p. 338.

501.BC Indonesia/9-1748 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET URGENT BATAVIA, September 17, 1948—4 p. m. [*a. m.?*]

791. Gocus 376. September 3 [*13?*] Critchley expressed general satisfaction USDel draft and pleasure we had moved so rapidly. He

feels situation critical and promised use best efforts with Republic officials to accelerate their acceptance.

Same day Cochran and Scott visited Hatta. He had read USDel draft but unable give adequate study thereto until he finished preparing speech for delivery 16th. Hatta raised only few points with respect substance, his principal concern being to get through political debate 16th and to maneuver with political party before taking decision to issue their support USDel draft. We stressed benefits draft to Republic and tactical desirability yearly [*early*] acceptance.

USDel talked with Roem, Leimena and Pringgo Digdo. All appeared enthusiastic over plan. Their questions principally concerned some guarantee for Republic throughout interim period to insure Netherlands carrying out terms proposed agreement. They desire GOC or other UN agency available until sovereignty transfer. We explained text itself provides guarantee through its clear-cut obligations and expressed view UN and friendly countries would be quick observe any failure either party implement agreement. We again stressed advantages in Republic's accepting promptly.

USDel visited BelDel 14th and explained procedure. Herremans saw points in draft which he felt Netherlands would oppose but was less pessimistic when they were explained and when he learned Department supports plan.

Cochran and Scott dined September 14 with Indian Vice Consul. Latter unaware our recent steps. He expressed concern over Communist activity under Moeso. Said latter told him US proving best Communists through delaying pressure for settlement Indo question. Moeso boasted Communists would have control in two or three months in absence US pressure for decision. Moeso said any police action by Netherlands even if it destroys Republic would not defeat Communists since they would go underground and cause turmoil through islands.

Pringgo Digdo visited Cochran 16th. He thinks decision will be given before 22nd, date GOC train to Fataua and possibly by 20th. We breakfasted with Sukarno 17th. Signed Cochran.

LIVENGOOD

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501.BC Indonesia/9-1748 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET      US URGENT  
 NIACT

BATAVIA, September 17, 1948—2 p. m.  
 [Received September 17—11:39 a. m.]

799. Gocus 377. US delegation discussed Scafs [*draft?*] with Sukarno and Hatta September 17. They favor acceptance plan. Hatta



expects Cabinet pass thereon tonight. Promised inform US delegation soonest.

Sukarno seeks early over-all agreement without emphasizing details. His principal concern is that Netherlands may either refuse negotiate or prolong negotiations through hard bargaining. Hopes GOC will remain until USI established. They explained political opposition of leftists to limiting Republic foreign representation and intimated they would probably have to remove self-imposed restrictions against expanding foreign representation but would actually effect no increase.

I received following telegram from Schuurman noon today: "In view important communication request your earliest arrival Batavia".

Following answer sent: "Regret nonfunctioning GOC planes prevent immediate departure for Batavia."

Hope receipt Republic reply and resumption of plane service will permit proceeding Batavia Saturday or Sunday. Signed Cochran.

LIVENGOOD

501.BC Indonesia/9-1748

*Memorandum of Conversation, by the Secretary of State*

SECRET

[WASHINGTON,] September 17, 1948.

Participants: Mr. Dirk Uipko Stikker, Netherlands Minister  
for Foreign Affairs  
Dr. N. Blom, Legal Adviser to the Netherlands  
Ministry of Overseas Territories  
Mr. E. N. van Kleffens, Ambassador  
of the Netherlands  
The Secretary  
The Under Secretary  
Mr. Hickerson, Director, Office of European Affairs  
Mr. Butterworth, Director for Far Eastern Affairs

The Netherland Foreign Minister called accompanied by Ambassador van Kleffens and Dr. Blom. The Foreign Minister explained that the Netherland Cabinet attached such importance to current developments in Indonesia that it decided that he must seek this opportunity to lay before the Secretary the point of view of the Dutch Government. He pointed out that although the present Cabinet was only seven weeks old, it enjoyed the support of two-thirds of the States General which was a larger majority than had heretofore prevailed. He went on to say that there were developing factors in the Indonesian situation that were both favorable and unfavorable. As to the former, he mentioned the recent discussions with the Bandung States in The Hague and the indications that Hatta had taken steps to let the Netherlands Govern-

ment know that he was desirous of a reasonable settlement. As regards the latter, he emphasized the menace of Communism and the growth of this malignancy in the Netherlands East Indies and other parts of Southeast Asia. He also expressed a willingness on the part of the Netherlands Government to join with the United States in its fight against Communism. The Foreign Minister then turned to the Cochran proposals and expressed on behalf of his Government surprise that these had been presented without prior informal consultation with representatives of the Netherlands Government and indicated that the Netherlands Government previously had been led to believe that such consultation was contemplated. Turning to the proposals themselves, the Netherlands Foreign Minister said that there was a good deal in the proposals which was acceptable to the Netherlands Government; that there were some provisions about which they were doubtful; and there were other provisions which the Netherlands Government did not see how it could accept since, speaking quite frankly, his Government in its opinion could not get the two-thirds majority in the States General which was required for approval of any such scheme. Accordingly, his Government regarded this as a very serious matter. He then read a series of points and discussed each briefly; these were the same points as appear in the attached document which Dr. Blom later handed to Mr. Butterworth and are attached herewith.<sup>1</sup>

After the usual pleasantries, I pointed out that with my present preoccupations, I had not been able to give personal attention to the details of the recent proposals but I indicated that I had been following the course of events in the Netherlands Indies with attentive interest for some years. I made reference to my contact with Mr. Van Mook, discussions which I had had in Nanking with the Netherlands Minister there and subsequent developments with the Linggadjati and *Renville* Agreements and in the Security Council. I indicated that Mr. Lovett who had followed the details of these negotiations would be prepared to discuss them with the Foreign Minister, but I felt that I should point out to him that, for my part, I was very impressed by the fact that for the first time all the elements of the American Government concerned with this problem both in the Netherlands Indies and here were unanimous in regarding the proposals as fair and in their conviction that it was of the utmost importance to act promptly. I then drew on my own experience as a mediator and also indicated to the Foreign Minister that we were no less alive and combative in our attitude to Communism than he and his colleagues were. At the same time, I mentioned the Philippines to cover the point of the importance

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<sup>1</sup> Document not printed, but see memorandum of conversation, September 17-18, p. 347.

of the spirit of nationalism and went on to discuss the very great political difficulties which we had with Congress as regards the ERP program indicating how it at times had seemed impossible of accomplishment and, in this connection, mentioning also the problems that lay ahead for future programs. The meeting adjourned to Mr. Lovett's office.

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501.BC Indonesia/9-1748

*Memorandum of Conversation, by the Under Secretary of State  
(Lovett)*

SECRET

[WASHINGTON,] September 17, 1948.

Participants: Under Secretary Lovett; Mr. Butterworth,  
Director, FE;  
Mr. Hickerson, Director, EUR; Lacy, SEA;  
Mr. Nolting, NOE;  
The Honorable Dirk Stikker, Netherlands  
Foreign Minister;  
Dr. E. N. van Kleffens, Netherlands Ambassador;  
Dr. N. Blom, Legal Adviser to the Netherlands  
Ministry of Overseas Territories.

[In his conversation with the Netherlands Foreign Minister immediately preceding the conversation with Mr. Lovett, the Secretary had suggested that the Netherlands objections to the Cochran plan be discussed in detail with Mr. Lovett and his technical advisers.]

I canvassed briefly the history of the Netherlands-Indonesian dispute, commenting upon the serious character of the problem, the great delays and the many disappointments which had postponed its solution, and the part which the United States was playing in the achievement of a final settlement. I pointed out that Mr. Cochran as well as the Department were determined that the growing Communist strength in Indonesia be contained and, if possible, eliminated; that we felt the Communist threat in Indonesia was both grave and immediate; that, in our opinion, the Communist threat could be met within the Republic only by Hatta since the intrusion of the Dutch in the Republic would, we believed, immediately polarize nationalism and Communism in a common front against Netherlands aggression. I said that it appeared to us that Indonesian nationalism must be accommodated in a just and practical way as a condition precedent to dealing with Communism in that area and that for these very reasons, Mr. Cochran had offered his plan in the most expeditious way possible in the belief that its acceptance by both parties would strengthen Mr. Hatta and his government sufficiently to enable him successfully to liquidate Com-



munists within the Republic. I continued to say that since Mr. Cochran was functioning in Indonesia as a Good Officer, he could not impose on either side a solution; that, accordingly, Cochran's plan as offered was, of course, subject to change through negotiation between the parties and that Mr. Cochran had offered the plan in the most informal fashion possible for this very reason. I asserted, however, that it was the view of Mr. Cochran and of every officer in the Department concerned with the problem that the plan as drafted offered the best prospect for a just and practical settlement of the dispute under present circumstances, and that it was the hope of this government that the government of the Netherlands could accept it with its essentials unchanged as soon as possible.

The Netherlands Foreign Minister said that while he regarded the plan as offering a reasonable and just solution to the dispute, he considered that (a) it had been offered to both sides in contravention of agreements reached between Netherlands representatives in Washington and Dept and between Mr. Cochran and representatives of the Netherlands Government in The Hague, and (b) it contained some six points which were either impractical of operation or entirely unacceptable to the Netherlands States General. The Netherlands Foreign Minister was advised that the Department in no way committed itself with Netherlands representatives to discuss beforehand any plan which Mr. Cochran might elect to offer to both parties, and that the Department had no knowledge of any commitments of a similar character entered into by Mr. Cochran at The Hague. The procedural aspects of the Netherlands objections to the plan were thus dispensed with.

After much general discussion, it was agreed that of the six objections put forward by the Netherlands, four, or possibly five, might be met through clarification of the plan by Mr. Cochran since it was the opinion of the officers of the Department that those objections arose from misunderstanding on the part of the Dutch of Mr. Cochran's intentions. It was clear, however, that at least one point was substantive in character and could not be removed through clarification: this point was the one in which the Netherlands objected to the holding of elections throughout Indonesia in January 1949 as undesirable because those elections might be won by the Communists. It was explained to Mr. Stikker that the elections had been devised by Mr. Cochran as a means of solving what had heretofore been regarded as insoluble problems, namely, the holding of plebiscites and the establishment of an interim government of popular origin—a *sine qua non* for Republic participation in such an interim government. It was pointed out to Mr. Stikker that if Mr. Hatta, fearful of Communist successes in the January elections, were to agree with the Netherlands that such elections were undesirable, Mr. Cochran would, of course, incorporate in

his plan any changes which were agreeable to both Mr. Hatta and the Netherlands negotiators.

Mr. Stikker was at pains to make clear that it was the desire of his government to strengthen Mr. Hatta and thereby to create conditions under which Communism could successfully be crushed in Indonesia but that he and Mr. Cochran and the Department apparently disagreed on the manner in which this should be done.

It was agreed at the end of the meeting that further discussions of the six objections raised by the Netherlands should continue at a working level the afternoon of September 17.

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856e.00/9-1748: Telegram

*The Secretary of State to the Embassy in the Netherlands*<sup>1</sup>

SECRET

WASHINGTON, September 17, 1948—5 p. m.

450. Dept agrees suggestions Embtel 606, Sep 15<sup>2</sup> re desirability Brit support US proposals for Indonesian settlement and has conferred rep Brit Emb here this end. Brit now have copy US Del's proposals. Continue maintain close contact Brit colleagues. However, Brits have agreed not reveal to Dutch fact that they learned from us existence or substance US proposals. This answers Embtel 614, Sep 16.<sup>2</sup>

Belg Govt and Austral Govt have also been approached both here and in respective capitals to enlist their support.

MARSHALL

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<sup>1</sup> Repeated as telegram 429 to Batavia.

<sup>2</sup> Not printed.

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856d.00/9-1748

*Memorandum of Conversation, Prepared in the Office of  
Far Eastern Affairs*

SECRET

[WASHINGTON,] September 17 [and 18], 1948.

Participants: Dr. Blom, Special Adviser, The Netherlands  
Foreign Office on Indonesia  
Mr. Butterworth, Director, FE  
Mr. Lacy, SEA  
Mr. Nolting, NOE

(Following conversations between Mr. Stikker, the Netherlands Foreign Minister, and the Secretary and Under Secretary,<sup>1</sup> Dr. Blom

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<sup>1</sup> Telegram 431, September 17, 8 p. m., Usgoc 142, to Batavia, informed Mr. Cochran of the Department's conversations with Foreign Minister Stikker (501.BC Indonesia/9-1748); details were sent subsequently in telegrams 436, September 20, 7 p. m., and 438, September 21, 5 p. m., none printed.

was invited to take up matters of detail with Messrs. Lacy and Nolting.)

Dr. Blom produced a written memorandum, called a "Note Verbale",<sup>2</sup> in which objections were raised to the procedure involved in the presentation of the US proposals in Batavia, and six major points were listed which the Netherlands Cabinet regarded as unacceptable "as a basis for negotiations". Dr. Blom stated that a much longer list of objections had been compiled in The Hague, but that the majority of these items had been dropped on the grounds that they could be satisfactorily negotiated after the paper became a basis for negotiations. On the six points listed in the *note verbale*, however, Dr. Blom made it clear that his government considered that there must be changes in the US proposals satisfactory to the Netherlands as a condition precedent to acceptance by the Netherlands of the US proposals as a basis for negotiations.

The matter of procedure was again briefly discussed and passed over by the US representatives as having been sufficiently explained and adequately justified in preceding conversations. On the six points of substance in the Dutch memorandum, the Department's representatives made it clear to Dr. Blom that if he intended in these conversations to present the US Government with a demand that the US delegation's proposals be amended in the respects indicated as a *sine qua non* to Netherlands acceptance of the proposals as a basis for negotiation, it was necessary (a) that this be done in a more formal manner and on a higher level (inasmuch as it was not our understanding that the Netherlands Foreign Minister had laid down an ultimatum of this character in his discussion with the Secretary and Under Secretary), and (b) that in any event the Department was not prepared to negotiate in Washington any alteration of the US delegation's proposals. Dr. Blom then stated that the same *note verbale* was being presented to Mr. Cochran in Batavia; that he understood we were not prepared to negotiate changes in Washington; but that, in his opinion, his Foreign Minister had made it clear that changes in the draft proposals in the six respects indicated were in fact conditions precedent to the acceptance of the US delegation's proposals as a basis for negotiations. He then requested that the points raised in the *note verbale* be examined.

In the discussion which followed, it appeared that certain of the Netherlands' objections might be based on misunderstandings of the relevant articles of the US draft proposal. These points, on which it seemed that clarifications of the US draft proposals might, without

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<sup>2</sup> Not printed.



doing violence to the meaning or logic of the plan, meet the Netherlands' objections, were the following:

II, paragraphs 3 and 4. *Note verbale* (attached).

The Dutch interpretation of state militias envisaged large bodies of organized troops under command of the individual state governments. We replied that we believed the intention of the US proposals in this regard was to have preponderant military force under control of the Provisional Federal Government, leaving to the states only such forces as might be necessary to maintain order and form adequate constabularies. Under the emergency provision we explained our understanding, subject to correction by the US delegation in Batavia, that all forces, including Netherlands troops, would be available to the High Commissioner. With regard to the safe-guard against an unwarranted assumption of emergency powers, namely, the assent of the President or Prime Minister, the Department's representatives took the position that this is a point of substance having great weight in negotiability of the US plan with the Republic.

III. The Dutch objections were based on the fear that the Provisional Federal Government might have schizophrenic foreign relations, resulting from the inheritance of pro-Communist treaties and alliances from the Republic. We replied that our understanding was that the foreign relations of Indonesia under the Provisional Federal Government would be and, from the point of view of mutual interest of the US and the Netherlands, must necessarily be unified and pro-Western in orientation; and that we further believed that this was the intention of the US proposals.

IV. It appeared in discussion that the Netherlands' objections in this connection might also be met by clarification without affecting the substance of the US proposals.

V. With regard to the exercise of the veto, it appeared that paragraph (a) in the *note verbale* was implicit in US proposals; that points raised in paragraph (b) and (c) might well be negotiated in a manner satisfactory to the Netherlands, but as now worded were too broad.

VI. Foreign Minister Stikker in previous conversations, and Blom again in conversations now being reported, emphasized the firm opposition of members of the Netherlands Government to the date specified in Annex 3B of the US proposals and stated that removal of this objection would be a considerable political factor in Holland. Our reply was to the effect that we considered the equities in this matter easily negotiable in Batavia and that we could not conceive of the US proposals being rejected because it contained the date March 1, 1942 on the question of assumption of debts.

On the hard core of substantive points remaining, namely, the holding of elections as the first step, the safe-guard against the unjustified

assumption of emergency powers, and the broad exercise of the veto, the US representatives took the position that (a) there could be no alteration of a substantial character unless both parties agreed to same and (b) the Department stood firmly behind the US delegation's proposals as both fair and practical.

Dr. Blom went into considerable detail in support of the thesis that without substantial modification of the remaining points, there was no chance of the Netherlands Government gaining the necessary two-thirds support in the States General; that, indeed, in a long cabinet session on the question, when the political possibilities were canvassed, it was suggested by certain cabinet members that a re-shuffle of the cabinet might enable the government to swallow the proposal with hope of parliamentary support, but that this idea had finally been abandoned as unworkable. In our reply, we made it clear that the acceptability of the proposals to the Netherlands Parliament was a matter which the Netherlands Government, of course, had to handle on its own; that there might in fact be no compromise settlement politically satisfactory to both sides; but that in the event that the Netherlands Government found itself unable to accept the proposal as a basis for negotiation, the US Government would be hard-pressed to discover any further usefulness for its delegation on the GOC; and that in the event that the GOC failed or the US resigned therefrom, such action would occasion reports to the Security Council.

In a further conversation the following morning, September 18, in which Mr. Helb, Counselor of the Netherlands Embassy, participated, approximately the same ground was covered and the same positions taken, with one significant exception. This was that Dr. Blom stated that his Foreign Minister had determined to fly to The Hague on Monday to consider with his government what could be done to make acceptable the heart of the US proposals, namely, the holding of elections throughout Indonesia in January 1949. The Netherlands representative referred to the possibility—in their view the probability—that Hatta would himself not wish to hold elections so soon in view of the danger that a majority of Communists might be returned to the constituent assembly and the provisional parliament. He asked whether the US had objections to the Netherlands delegation's sounding out Hatta on this subject. There were no objections, of course, on our part. We emphasized, however, the need for quick action in reaching a final settlement in order to counteract the rising communist influence within the Republic and possibly elsewhere in Indonesia.

The Netherlands representatives requested that, pending the outcome of Stikker's conversations on Tuesday in The Hague on the major questions separating us, we [not?] inform Mr. Cochran of our discussions here. This was agreed.

501.BC Indonesia/9-1848 : Telegram

*The Secretary of State to the Consulate General at Batavia*

SECRET US URGENT WASHINGTON, September 18, 1948—4 p. m.

433. Usgoc 143. Following Butterworth's tel to you yesterday<sup>1</sup> conversations on working level have taken place here with Blom. In all conversations here Dept's position has been consistently as outlined to you in Usgoc 142, Sep 17.

It appears to Dept certain objections raised by Dutch arise from their misunderstanding purpose your draft and therefore in Dept's view may at your discretion be resolved by clarifications by you in draft proposal; other points of substantive character such as objection described Roman numeral I *note verbale* from Neth (which we understand now in your hands) can be dealt with in Dept's opinion only through negotiation by the parties before GOC, unless Neth and Rep can reach agreement between themselves beforehand. Dept anxious for you to know that Dutch have been given clearly to understand that any modification your plan is a matter for your decision alone and that Dept will not undertake to influence your decisions. In reporting conversations with Neth, Dept will give you its view of respects in which certain Dutch objections might be met through clarification and possible treatment of more substantive issues through negotiation between parties.

Full résumé conversations here will be telegraphed you Sep 20. Stikker and Blom will fly Hague Mon to report Neth Cabinet results conversations Washington. Pending outcome Stikker's conversations Hague Dept feels chances successful outcome would be enhanced by your maintaining flexibility your position with both parties in Batavia.<sup>2</sup>

MARSHALL

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<sup>1</sup> Not printed; see footnote 1, p. 347.

<sup>2</sup> Repeated as 452 to The Hague.

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501.BC Indonesia/9-1848 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET US URGENT BATAVIA, September 18, 1948—6 p. m.

803. Gocus 380. Pringgo Digdo told me today Soekarno and Hatta in cabinet meeting last night vigorously advocated acceptance USDel draft as basis negotiation. USDel conferred Republican Foreign Minister and Education Minister who sought behalf Cabinet further understanding what acceptance as "basis negotiation" means.



We have become increasingly aware opposition within government to its undertaking negotiate. This comes partly from realization Leftist elements will endanger life of government if Republic agrees and Netherlands refuses, or if both accept and Netherlands then uses blocking tactics. We assured them USDel with Department's support will press speedy consummation negotiations under GOC auspices. We repeated arguments for early acceptance and offered meet again with Hatta if latter desires before further cabinet meeting which apparently required. Cabinet understood determined decide question before 21st. Signed Cochran.

LIVENGOOD

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501.BC Indonesia/9-1948 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET URGENT

BATAVIA, September 19, 1948—3 p. m.

804. Gocus 381. Roem and Pringgo Digdo told USDel today RepubDel voted 7 to 1 last night in favor acceptance USDel draft. Their report being prepared for submission tonight and Cabinet expected act thereon Monday night.

RepubDel received last night telegram from Batavia notifying number of families of RepubDel members including those of Leimena and Pringgo Digdo given 14 days in which to leave Netherlands-controlled territory.

Our friends assure us they are working utmost to achieve acceptance USDel plan in spite personal worries over families and other difficulties. We told them we can do little with Netherlands from here. We realized situation deteriorating daily. We felt we must have Republic acceptance before returning Batavia. With this we could face NethDel there with some effectiveness. We stressed advantage to Republic record of their accepting soonest especially if case may come before SC twenty-fifth or later.

Trend of provocative incidents emanating NEI officials at critical time when effort being made find basis for resuming negotiations lead strongly to conclusion Netherlands purposely aggravating political situation within Republic to make it impossible for Hatta Government either to negotiate or to survive. Continuation such tactics tends confirm allegations Netherlands Government desires excuse for taking police measure against subversive elements which would include Republicans, as well as Communists. USDel participating in draft GOC protest to NethDel against this latest step as prejudicing resumption negotiations.

Whatever Dutch intentions, it is USDel's considered opinion continuation such incidents including those previously reported will make it impossible for Hatta Government negotiate on any basis. USDel therefore urges Department let Netherlands Government know handicaps being added GOC task through studied or maladroit measures taken Batavia. Signed Cochran.

LIVENGOOD

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501.BC Indonesia/9-1948 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

RESTRICTED      US URGENT      BATAVIA, September 19, 1948—4 p. m.

805. Gocus 382. After dispatch Gocus 378, September 17,<sup>1</sup> telegram to Netherlands delegate quoted therein changed at USDel's suggestion following protest from Roem who requested GOC not accept Dutch attempts seek recognition "Provisional Federal Government" as entity in proceedings and who emphasized it matter for Republic decide which members RepDel should return Batavia. As changed, telegram reads as follows:

"(First sentence unchanged.) Without prejudice to any agreements or understandings reached between the parties in this regard and without prejudice to any other existing rights of either party, in addition to any names Republic authorities forward in accordance with previous practice through channels heretofore employed, committee will inform NethDel names of any Republic delegates whose presence in Batavia committee may consider conducive to committee's work. Reciprocally committee will inform RepubDel of names of any members of NethDel whose presence in Republic territory committee may consider conducive to committee's work."

Above telegram finally dispatched NethDel Batavia, September 19. Signed Cochran.

LIVENGOOD

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<sup>1</sup> Not printed.

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856e.01/9-2048 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

US URGENT

BATAVIA, September 20, 1948.

[Received September 20—11:04 a. m.]

806. Muso and Communist Party have seized power in Madiun and established there a so-called Soviet Government under his leadership, according to 20 minute radio broadcast last night by Sukarno from Jogja as reported to Consulate General by one recipient of broadcast.

Sukarno called on all Republicans for support and said whoever seized Muso would help save Republic. Martial law reported declared affecting all vital industries in Republic territory. On same subject Aneta indicated attack was made Saturday morning and rebels entrusted Vice Mayor of Madiun, Soepardi, with civil military administration of the town. Aneta states this confirmed by document signed by chairman of SOBSI, head of local Communist Party Islam, chairman of Madiun Labor Party and others.

Following additional details from Aneta. Unidentified station Republican territory broadcast several instructions from the "regional administration of Madiun" saying Colonel Djokosoejono been appointed military governor Madiun. Colonel Djokosoejono has named Major Moestapa, battalion commander of law and order town of Madiun. Furthermore all commanders army and people's army been instructed report Monday morning. A Republican Government communiqué Sunday said "government using all available means restore its legal authority in Madiun." Later in evening President Sukarno, Sultan Hamengkubuwono, General Sudirman and Sukiman spoke over Jogja radio in succession. President Sukarno in broadcast branded Muso as a traitor and laid price on his head. *Coup d'état* in Madiun and fighting in Solo are but an attempt to topple the government, he said. Meanwhile General Sudirman has appointed Colonel Sungkono as the commander of east Java with authority over its defense. Consulate General will report developments as promptly as possible.

Sent Department 806; Department pass Hague.<sup>1</sup>

LIVENGOOD

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<sup>1</sup> This was done the same day.

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501.BC Indonesia/9-2048 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

US URGENT

BATAVIA, September 20, 1948.

[Received September 20—12:52 p. m.]

810. Gocus 383. Following is government statement issued by Republic September 20 re Madiun affair "under auspices and leadership of former People's Democratic Front, now in process of amalgamation into the Indo-Communist Party PKI, and through the use of a unit of the Republican Army in East Java, an assault was made on the government organs of Republic in the city of Madiun, on September 18, 1948, and a change has been effected in the regional administration there, in an illegal way by using armed force, the Government of the Republic of Indonesia is now taking steps by all means at its



command to restore the legal authority and administration in the area involved. The entire population is asked to give its fullest support to the government for the sake of the well-being of the Republic of Indonesia. Jogjakarta, September 19, 1948".

Following additional details have been issued by Republican Information Minister: "The persistent blockade and the malevolent agitation by the Dutch against the Republicans internationally, coupled with Dutch acts of aggression against the organs of the Republic, and against Republicans and their organizations within the Dutch-occupied areas of Indonesia, have created favorable circumstances for the reception of Communist agitation within the Republic, or, to be exact, for reception of agitation from section of some political parties all claiming Communist ideology. This is background of the Communist coup at Madiun, which seems to be part of the Moscow plan for Southeast Asia, and it has been propounded under the leadership of the newly arrived Muso. The Government of the Republic and the parties supporting the government, however, remain convinced that this Communist movement has, in fact, little support—on the contrary, much opposition—from the ordinary people. Its momentary local successes are only and exclusively contributable to the fact that it could coordinate its actions here, with the Dutch effort in Dutch-occupied and controlled territories to destroy the Republic and with the inactivity of the Security Council and its Committee of Good Offices. The Government of the Republic of Indonesia is determined to frustrate by all means available this policy of this particular group aimed at disorder and economic destruction. Strong measures are now being taken. The government is certain that, in the accomplishment of this task, it has the support of the overwhelming majority of the Indonesian people of all ranks". Signed Cochran.

LIVENGOOD

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501.BC Indonesia/9-2048 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

SECRET      US URGENT      WASHINGTON, September 20, 1948—4 p. m.

435. Usgoc 144. During conversations Neth FonMin and Under-Sec Sep 17, Neth FonMin stated his conviction elections Jan would be won by Communists in Repub and Communist victory Repub would influence disastrously political developments non-Repub states. Dept officers maintain that while this was calculated risk, it their view Hatta, strengthened by Neth agreement Cochran plan, would be strong enough win Jan elections; further that if Hatta agreed with Neth elections Jan undesirable, Cochran would of course accommodate

this or any other agreement between parties his plan. Neth Emb Wash informed Dept morning Sept 20 Neth PriMin requested by Neth FonMin by telephone ask NethDel Batavia discuss with Hatta desirability postponing Jan elections view Communist threat. Dept took this occasion make energetic representations requested last para Gocus 381 Sept 18 and request immediate action matter by Neth Emb Wash which Emb agreed do.<sup>1</sup>

LOVETT

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<sup>1</sup> Repeated as 456 to The Hague.

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856e.00/9-2048 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

CONFIDENTIAL

BATAVIA, September 20, 1948—11 p. m.

811. Abbey returned overland from Republican territory this evening. He reports that immediately after Muso coup at Madiun there was great excitement in Jogja and that Cabinet meeting September 19 lasted from 2 to 5 a. m. During day, situation seemed to clarify and atmosphere improved after Sukarno issued strong statement. Same evening meeting of [apparent garble] was held and leader informed Abbey thought this element would remain with govt. This morning, just before Abbey left Jogja, was informed that govt would close in on three sides on Madiun and it was believed that situation in Solo was sufficiently tranquil to send some troops from that area. Govt hopes to quell Communists in week's time. Air amongst govt officials this morning much improved; apparently believe army will remain loyal and that people will rally to govt standard. Officials informed Abbey govt going to take stern measures.

There appears to be almost sensation of relief now that the atmosphere is clear and pattern against Communist in sharp outline. If govt can quell this uprising, it will be in much stronger position internally and for negotiations; if it can not, it will either disintegrate or require immediate assistance from outside. Undoubtedly would refuse Dutch assistance but just might accept purely Indo troop assistance from Provisional Federal Govt.

Degree of loyalty of army not yet clear but probably large majority will remain loyal to govt and this no more likely with general populace. If govt had struck first, percentage of both army and populace probably would have become disaffected but now likely that swing will be the other way.

Rumor in Jogja early this morning was that Dutch would move in. Report might have been Muso-inspired for a Dutch police action would

admirably suit his purposes. Military observers and others along *status quo* line at Magelang-Ambarawa and others queried and they report no movements indicating Dutch action. Territory between Magelang and *status quo* line quiet with extra police and military posted for purpose intercepting Communists. It would be most regrettable if Dutch did move across *status quo* line for this would jeopardize Republican Govt's position and might swing many people over to Muso—however, do not believe that Dutch will commit such *faux pas* at present time.

GOC returns Batavia Wednesday which leaves no American observer in Republican territory. This regrettable at this crucial time.

Sent Dept 811; Dept pass Hague.<sup>1</sup>

LIVENGOOD

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<sup>1</sup> This was done on September 21.

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501.BC Indonesia/9-2048 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET

US URGENT

BATAVIA, September 20, 1948—11 p. m.

815. Gocus 384. I saw Hatta at 1:05 p. m. today. He said morning's cabinet meeting dealt with emergency authority to handle Communist situation. Night session would decide on USDel plan. He said RepDel would give USDel written answer tomorrow.

I told Prime Minister I cabled Department Republican communiqué on action against Communist uprising. I said while outbreak regretted, crisis gives Republican Government opportunity show determination suppress Communism. This should impress world at time when Netherlands Foreign Minister has stressed to us need for concerted action in Far East against Communism. I said Department concerned over Communist threat to his moderate regime. I added I would be glad recommend to my government practical ways to assist democratic non-Communist government of Indonesia oppose Communism. I thought first step should be get Republic and Netherlands quickly negotiating political settlement and soonest thereafter deal with Indonesia as whole in considering assistance.

Hatta hoped have Communist uprising Madiun sector quelled in fortnight. Situation is serious since Communists under Moeso control the two seaports on which Jogja area depends and also oil refinery. Half company Republican troops defending airport near Madiun

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<sup>1</sup> Repeated in telegram 463, September 23, 3 p. m., to The Hague.



with instructions destroy if overcome. Government fears Communists might land arms there from Malaya or elsewhere. Hatta said that Moeso pledged support from Moscow. Said coup Madiun means loss troops plus important supply Republican weapons. Said Republic seriously needs police force material discussed with US attaché and now ammunition and weapons for use against Communists. Said Dutch should not worry over Republic receiving such material for use against common Communist enemy. Hatta expressed fear however that military might move into Republican territory as Republican forces move on Madiun. Said Republican Government now has strong support of population against Communists but this would fade if Dutch crossed SQL (*status quo* line). I assured Prime Minister that if peaceful Indonesian federation established Department would support extension financial help in which all states would share according to needs and dependent on capacity utilize shares of loans efficiently and on sound basis.

I said if favorable response given me tomorrow, I hope Dutch will accept promptly thereafter. Hatta confirmed my understanding that if Dutch accept before 25th, he will instruct Palar not present Republican complaint to SC. After both parties assent I said we would work toward improving atmosphere for negotiations. Once negotiations commenced we would expect reasonable changes at instance of parties but would insist through GOC on speedy consummation. Suggested each side prepare any substitute language it prefers in order actual negotiations can start promptly after acceptances received and draft becomes GOC working paper. I told him if Republic interprets *Renville* as permitting either party request continuation GOC through interim period and so desires opportunity would be afforded make such request in negotiations. I said acceptance should be kept confidential for present.

I reminded Hatta boisterous reception accorded GOC train September 1 had not perturbed us but that serious subsequent turn in situation makes desirable no incidents be permitted on our departure. He gave strong assurance.

Indian Consul Hogua called on Scott today. Expressed view his government would back Hatta Government in every practical way in struggle against Madiun group. He believed Delhi would ask Dutch release to Republic soonest quota of textiles GOC had earmarked for NEI. He hoped US and British Governments would find similar means offer immediate practical assistance.

In present critical circumstances he considered it of prime importance that Dutch not use Madiun situation as pretext cross SQL and that Dutch cease attempts capitalize on relatively unimportant mat-

ters which have lead to recent incidents and which have been enlarged in Republican public opinion out of all proportion their significance.

Although he refrained from saying he knew of existence of USDel's draft plan, it obvious he did. Stated he had urged Hatta and Sukarno accept as basis negotiations [draft?] proposal suggested by any member GOC. Appeared convinced they would accept prior our departure September 22. Signed Cochran.

LIVENGOOD

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501.BC Indonesia/9-2148 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State* <sup>1</sup>

SECRET

US URGENT

BATAVIA, September 21, 1948—9 a. m.

[Received September 21—1 : 26 p. m.]

816. Gocus 385. Pringgo Digdo visited USDel 2 a. m. today and stated Cabinet approved last night acceptance USDel draft as basis negotiations. USDel received 8 a. m. today letter dated Kaliurang September 20 addressed Cochran signed Roem. Text follows:

"Acknowledging receipt of your oral note setting forth the draft agreements submitted by the USDel on 10 September 1948 <sup>2</sup> I have the honor to inform you as follows:

As stated sub 1 in your oral note the matter is as yet in an informal and strictly confidential stage. The answer given here on instruction of my government can therefore have but the same informal and confidential character of an oral note.

The instruction of my government is for my delegation to accept the draft agreement for an over-all political settlement of the USDel as a basis for the resumption of political discussions between the parties under the auspices of the Committee of Good Offices, provided it is clearly understood:

(1) That the Republic government hereby makes no commitment at this time in respect of the underlying principles or the substances of the proposals, either as a whole or in part.

(2) That the Republic Government reserves its right to take up any position in the course of the discussions on the above mentioned proposals which it may find desirable."

USDel simultaneously received letters similarly dated and signed as follows:

"I have the honor to refer to my letter of 20 September 1948 number 19/K/IV accepting the draft agreement therein mentioned as a basis on which to resume negotiations under the auspices of the Committee of Good Offices.

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<sup>1</sup> Repeated in telegram 463, September 23, 3 p. m., to The Hague.

<sup>2</sup> See telegram 774, September 11, from Batavia, p. 333.

On the further question of the actual resumption of negotiations the Republic Government maintains with regard to the following questions:

(a) Return to the Republic Government of its premises at 56 Pegangsaan East, Djakarta;

(b) Immunity of members and personnel of the Republic delegation when in Netherlands controlled territory;

(c) Action of the Netherlands Indies authorities in requesting the removal from Djakarta of Republic officials and their families, the position as stated in my cablegram to the Committee of Good Offices of 25 August 1948 and my letters of 28 August 1948 number 615, 7 September 1948 number 3/K/IV, 9 September 1948 number 11/K/IV and of 19 September 1948 number 18/K/IV.

I should also draw your attention to the fact that the full implementation of the truce agreement is necessary, if negotiations are to be resumed in the right atmosphere."

Under cover letter dated September 21, USDel forwarding copies above two letters to Herremans and Critchley for their confidential information. After return to Batavia night September 22, USDel will forward copies to Netherlands delegation. Signed Cochran.

LIVENGOOD

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856e.01/9-2248

*Memorandum of Conversation, by the Director of the Office of Far Eastern Affairs (Butterworth)*

CONFIDENTIAL

[WASHINGTON,] September 22, 1948.

Participants: R. K. Nehru, Minister of India  
W. W. Butterworth, Director, FE  
C. W. Adair, SOA  
W. S. B. Lacy, SEA

The Indian Minister called at his request. He said that his government's long-standing concern that the Dutch-Indonesian dispute be resolved had increased as a result of the Communist insurrection in Java which had taken place during the last week. Referring to his government's efforts to resist Communism in India and to the ominous character of Communist activity throughout Southeast Asia, the Indian Minister said that his government considered that the dilatory tactics of the Netherlands in negotiations would increase the prospects of Communist success in Indonesia, and expressed the hope of his government that the United States Government would make every effort to impress upon the Netherlands the desirability of making such reasonable concessions as were requisite to the achievement of a settlement in the Dutch-Indonesian dispute.

I replied that my government shared in full measure the concern of the Government of India that Communism in Asia be repressed;



that it was the Department's considered view that the Communist uprising in Java was due to several causes: dilatory tactics of the Netherlands negotiators, the high degree of coordination of Communist plans, and the failure on the part of the Indonesian Republic to recognize in the past the true character of the Communist danger. As an example of the latter cause, I cited the inclusion in the previous Indonesian cabinet of Amir Sjarifuddin, who has recently revealed his membership in the Communist Party since 1935 and who is now reported to have joined Moeso in the Communist Indonesian Republican Government. The Indian Minister was apparently unaware of Mr. Sjarifuddin's activities. I said that the Department had emphasized to the Dutch Foreign Minister, during his visit to Washington, the importance of reaching a settlement accommodating the legitimate national aspirations of the Indonesian people as soon as possible.

I continued to say that we had learned from our Consul General at Batavia that the Indian representative in the Indonesian Republic had, within the last few days, discussed the Indonesian situation with American representatives in Indonesia; that the United States Government welcomed the interest of the Indian Government in the situation; and that I hoped that when the Committee of Good Offices had succeeded in providing a basis for the resumption of negotiations and a basis for a final settlement of the dispute, the Indian Government would exert its influence as it had in the past to the end that both parties accept such settlement as the Committee of Good Offices might consider reasonable. The Indian Minister asked if such a basis was in immediate prospect; I replied that in the opinion of the Department, both the Indonesian Republic and the Netherlands were disposed to resume negotiations but that we had at the moment no definite basis for a final settlement of the dispute upon which we pinned great faith.

I handed the Indian Minister the Associated Press summary of Mr. Lovett's remarks at his press conference today concerning Indonesia which I identified as embodying the Department's position.<sup>1</sup>

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<sup>1</sup> For text of statements by the Acting Secretary of State at press and radio news conference, September 22, see memorandum 36, not printed here; for earlier statement on Communist strategy in Southeast Asia, see press release of September 16, Department of State *Bulletin*, September 26, 1948, p. 410.

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:856e.00/9-2048: Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

CONFIDENTIAL

WASHINGTON, September 22, 1948—7 p. m.

443. Estimate situation Repub urtel 811, Sep 20, appreciated. Dept believes presence American observer Repub territory important this

crucial time; suggests you devise means sending member staff ConGen to Repub territory soonest to bridge this difficult moment pending the reestablishment of USDel contact with Repub authorities in such manner as will not be misinterpreted or excite speculation. Dept believes Davies' training suggests desirability his choice this assignment. Coordinate this assignment with Cochran.

LOVETT

501.BC Indonesia/9-2348 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET

US URGENT

BATAVIA, September 23, 1948—11 a. m.

823. Gocus 386. GOC returned Batavia last night by train without incidents. In last conversation with Republican Delegate Chairman Roem September 21 US Delegate found obvious difference of understanding between him and Prime Minister with respect to procedural policy to be followed by Republic in deciding on filing of Republican report to SC through Palar. See paragraph 5 Gocus 384.<sup>2</sup>

Follows text letter of clarification dated Kaliurang September 21 from Roem to Cochran:

"I have the honor to inform you that following my interview with you this morning, I discussed with Dr. Hatta the question of the submission of the Republican Delegation report to the SC.

It has been agreed that if the Netherlands Delegation are able to accept the US draft proposals as a basis for negotiation by the 24 September, the Republican Delegation will instruct the Republican representative in Paris to delay the submission of the report a further 5 days until September 30, so as to test whether it will be possible to resume negotiation in a favorable atmosphere.

It is hoped that in that time the Netherlands will be able to reverse the decisions referred to in my letter to you No. 207/IV of yesterday's date so that the Republican Delegation can withdraw its report to the SC.

You will appreciate, however, that this situation reported by the Delegation is one of extreme gravity and that if the Netherlands has not been able to show its good faith by the end of the month, the Delegation would be failing in its obligation if it delayed further in reporting to the council."

<sup>1</sup> Repeated in telegram 471, September 24, 7 p. m., to The Hague.

<sup>2</sup> Telegram 815, September 20, p. 357.

Above letter handed Netherlands Delegation last night. Signed Cochran.

LIVENGOOD

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501.BC Indonesia/9-2348 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET      US URGENT      BATAVIA, September 23, 1948—2 p. m.

824. Gocus 387. US Delegation arrived Batavia last night. Telephoned Netherlands Delegation important communication to deliver. Schuurman came US Delegation 9:30. Cochran handed him under transmitting letter (Gocus 388<sup>1</sup>) copies Republic Delegation two letters acceptance dated September 20 (Gocus 385<sup>2</sup>). Under separate letter handed him also copy Republic Delegation letter September 21 regarding Republic report SC (Goc 386<sup>3</sup>). Copies this Republic Delegation letter provided Belgian Delegation and Austr[al]ian Delegation today.

Schuurman asked whether Belgian Delegation and Austr[al]ian Delegation agreed our draft. We said we could not speak for them. We pointed out that under procedure US Delegation has followed in presenting draft plan it only necessary for parties to agree to plan as basis for negotiations. He agreed that this was "technically correct". Nevertheless we assured him spirit and relations within GOC excellent and US Delegation keeping Belgian Delegation and Austr[al]ian Delegation informed regarding developments. We expressed confidence they share our desire improve atmosphere for negotiations.

We stressed our wish get all above correspondence to Netherlands Delegation soonest especially considering nearness date Republic Delegation fixed for presenting report to SC. Cochran asked Schuurman about important communication latter had to deliver (Gocus 377<sup>4</sup>). Latter said he would bring it next morning. At 9:15 this morning Schuurman telephoned Cochran that message received from Hague since last night caused change in earlier communication so he would call later regard thereto. Signed Cochran.

LIVENGOOD

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<sup>1</sup> Telegram 825, September 23, 3 p. m., not printed.

<sup>2</sup> Telegram 816, September 21, p. 359.

<sup>3</sup> *Supra*.

<sup>4</sup> Telegram 799, September 17, p. 342.



856d.00/9-2348

*Memorandum Prepared for the Acting Secretary of State*<sup>1</sup>

SECRET

[WASHINGTON,] September 23, 1948.

Subject: Dr. Graham's Memorandum to the Secretary re Indonesia,  
Dated September 16, 1948.<sup>2</sup>

Dr. Graham's memorandum (attached) is a strong plea for prompt and vigorous action by the US to induce the Dutch to come promptly to terms with the Indonesian Republic in the "fulfillment of the promised establishment of the free, sovereign and independent United States of Indonesia, equal in the Union and equal in the United Nations". It contains strong indictment of the Dutch position, which is interpreted by Dr. Graham as a policy of "delay, continual attrition, economic strangulation and political fragmentation". It contains also an expression of faith in the ability and intentions of the present Republican Government. It strongly supports the recent US proposals offered by Mr. Cochran.

In his recommendation to the Secretary, Dr. Graham goes beyond the position taken by the Department in discussions last week with the Netherlands Foreign Minister. He proposes that the American position with the Dutch should be: "This is *it* and *now*!" Dr. Graham specifically recommends an immediate allocation of a fair proportion of available textiles, transportation equipment, and medicines to the Republic as part of our ECA aid applicable to Indonesia. This suggestion is made in order to strengthen the Hatta regime. (The Department is presently considering ways and means of getting a shipment of textiles to the Republic, and is seeking Cochran's views re the advisability of this.) As sanctions to induce the Dutch to accept the US proposals, Dr. Graham suggests that we tell the Dutch (*a*) that the US may be compelled to return the issue to the Security Council, and (*b*) that we are considering the recognition of the Republic.

As you know, this Government has taken a strong position in urging the Dutch to accept promptly the US proposals as a "basis for negotiations". We have not asked them to accept proposals as a final settlement. But we have informed them that if they do not accept the US proposals as a "basis for negotiations" we shall support these proposals being submitted to the GOC. Incidentally, we have implied that if this attempt to secure a settlement fails, the issue will have to be returned to the Security Council. But we have not used the threat of possible US recognition of the Republic.

<sup>1</sup> Submitted by the Director of the Office of European Affairs (Hickerson), the Director of the Office of Far Eastern Affairs (Butterworth), and the Acting Director of the Office of United Nations Affairs (Sanders).

<sup>2</sup> Not printed.

It is our opinion that we had best await the outcome of the conversations with Stikker and the other pressures applied to the Netherlands Government before coming to a decision regarding the other recommendations made by Dr. Graham. However, we should accept the possibility that the Netherlands Government will either delay in accepting these proposals as a "basis for negotiations" or will adopt delaying tactics after the proposals are accepted. Accordingly, we should be prepared, if the above possibility materializes, to inform the Dutch that we are reserving complete freedom of action, to the extent of (a) not opposing submission of the Republic's report to the Security Council, (b) supporting the US proposals before the Security Council, (c) assisting economically the Republic so long as it continues to maintain its non-Communist character, and (d) withdrawal from the GOC.

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856e.01/9-2348

*Memorandum of Conversation, by the Director of the Office of Far Eastern Affairs (Butterworth)*

CONFIDENTIAL

[WASHINGTON,] September 23, 1948.

Participants: The Honorable Norman J. O. Makin, Australian Ambassador

Mr. R. L. Harry, First Secretary, Australian Embassy

Mr. W. W. Butterworth, Director, FE

Mr. Charles S. Reed, Chief, SEA

Mr. W. S. B. Lacy, SEA

Mr. J. Harold Shullaw, BC

The Australian Ambassador called at his request. He said that he had been instructed by his government to represent to the United States its increasing concern that a settlement of the Dutch-Indonesian dispute be achieved as soon as possible. In this connection, he referred to the Communist *coup d'état* in Java as the principal cause of his government's concern. He said that his government hoped that the United States Government would impress upon the Government of the Netherlands the desirability of a generally conciliatory course and, in particular, an improvement in the atmosphere of negotiations which could be induced by the Netherlands revocation of its decree excluding the families of Republican officials from Batavia, the relaxation of the blockade against the Republic, and other acts which he described as provocative to the Republic. The Ambassador said that his government was most concerned that the Netherlands eschew any interference by force in the present struggle between the Communists and the Indonesian Republic through a police action, as his government felt

that the reduction of the Communist threat in the Indonesian Republic could be achieved only by the Hatta Government.

I replied that in general my government was similarly minded in respect of the points raised by the Australian Ambassador. I observed that Communism in the Indonesian Republic had not been as energetically opposed in the past by the Republican Govt as it should have been; that this government had on several occasions pointed out that the Communists had no real concern for the emergence of genuine nationalism anywhere in the world; and that if proof were needed of this fact, the Kremlin's characterization of Tito's activities as embodying the high crime of nationalism would have provided it. I pointed out further that the Communists in Indonesia and throughout Southeast Asia had continually masqueraded in sheep's clothing of genuine nationalism. I added that it was indeed unfortunate that certain powers had in the recent past "patted those wolves in sheep's clothing on the head".

I told the Australian Ambassador that it seemed clear from the remarks of the Netherlands Foreign Minister at his Washington press conference that the Netherlands did not intend to intrude in the present difficulties within the Indonesian Republic through police action. The Australian Ambassador appeared unaware of Mr. Stikker's statements. I also referred the Ambassador to the Department's press release of September 16<sup>1</sup> as embodying the Department's position in respect of Communism in Southeast Asia and Indonesia.

Mr. Harry said that the Australian Embassy had been informed by the Australian representative in Indonesia that the Republic had accepted the Cochran plan as a basis for negotiation. I told Mr. Harry that according to our information, the terms of the Republic's acceptance were at least unclear and contained, in my opinion, "a strong Eastern flavor". I said I felt that the Republic had a golden opportunity to accept these proposals in clear and unequivocal language as a basis for negotiations and that I was eager to know that it had done so. Mr. Harry suggested that the Republic could be expected to accept the proposals as a basis for negotiation in no more unreserved terms than they expected the Netherlands to attach. I replied that I saw no reason for the Republic's following a course of excessive caution and distrust merely because they felt the Netherlands would hedge their acceptance with an unconscionable number of caveats.

Mr. Harry asked if the Department had been advised by the Netherlands Foreign Minister of the nature of the Dutch objections to the proposals. I replied that the Netherlands Foreign Minister had discussed their objections to the proposals with officers of the Department

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<sup>1</sup> Department of State *Bulletin*, September 26, 1948, p. 410.



who had advised the Foreign Minister that the locus of negotiations was Batavia, not Washington.

I asked the Australian Ambassador if the Australian Government was supporting the Cochran proposals. Since replies from the Ambassador and Mr. Harry were vague, I told the Ambassador that I wished to advise Mr. Lovett as soon as possible as to what the position of the Australian Government was in the matter of supporting the proposals and I would appreciate being advised as soon as possible as to the degree of support which the Australian Government was prepared to accord them. The Australian Ambassador undertook to secure a definite expression from his government and to indicate it to me at the earliest possible moment.

[Later in the afternoon of September 23, Mr. Harry called Mr. Lacy to say that he believed the following language in a telegram already received from Canberra indicated in a definite manner the position of the Australian Government in respect of the Cochran proposals. This language read as follows:

“The Australian Government believes that the Government of the Netherlands should accept the proposals as soon as possible in their present form and hopes that the United States Government will resist any attempt to change the substance of these proposals.”

Mr. Harry asked if this language was considered as constituting a responsive reply to Mr. Butterworth's question. Mr. Lacy indicated that he thought Mr. Butterworth hoped for a statement from the Australian Government to the effect that they would give the proposals their unalloyed support with the Republic as well as with the Netherlands.]

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856e.00/9-2348 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*<sup>1</sup>

SECRET

THE HAGUE, September 23, 1948—5 p. m.

634. Saw Foreign Minister, who stated only insuperable objection to Cochran plan was early date of election. He stated further that Department was disinclined in any way to formulate Cochran's ideas concerning date of election or his plan generally. I suggested if they still found date insuperable perhaps Beel and/or Hatta might discuss fully with Cochran and as latter was most reasonable and amenable to proof they might convince him of the strength of their position. This without responsibility our Department. He said Australian Min-

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<sup>1</sup> Repeated in telegram 446, September 24, 7 p. m., to Batavia.

ister had just left him and agreed with Dutch view 100 percent as to date of elections and other matters discussed. Foreign Minister stated he was thoroughly studying plan with his staff of experts here but believed this point most urgent. He is preparing note on Cochran plan and as soon as copy received will transmit.

Personally believe if interim field [*federal?*] government formed immediately and Hatta consents to withhold election and definite later date set therefor after law and order have been reestablished but in no event later than 1 year from formation of government, plan generally could be completely accepted here by both government and people. A definite date for elections would probably finally convince Hatta, the Indos, and the Dutch people that this government is in earnest and will wholeheartedly support and adopt modified Cochran plan.

BARUCH

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501.BC Indonesia/9-2348 : Telegram .

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

US URGENT

BATAVIA, September 23, 1948—6 p. m.

828. Gocus 390. Following dispatch GOC telegram to Chairman Netherlands Delegation regarding return of members Republic Delegation to Batavia (see Gocus 378, September 17<sup>1</sup> and Gocus 382, September 19), GOC received following telegram dated September 2 [20?] from Chairman Netherlands Delegation:

“Reference GOC telegram September 19, Netherlands Delegation wishes to point out that as stated in its telegram September 18 no motives exist for return Republic Delegation until meetings resume. Consequently persons on list received today from Republic Delegation, consisting of 32 names to which since then have been added Mr. Taufik Salim and Mr. Surachman, cannot be admitted with the exception of Mrs. Diah and Mr. Surachman whose return has been authorized. It is reiterated that NEI Government is prepared to consider the admission of such members of Republic Delegation whose presence in Batavia GOC deems conducive to its work.”

Later on September 21, apparently on assumption GOC had or would recommend return of all Republic Delegation members whose names appeared on list submitted by Republic Delegation, which had been transmitted Batavia by UN Secretary, Netherlands Delegation sent following telegram to GOC:

“Reference your letter from Timperley<sup>2</sup> to Stuyt. Whereas no meetings of SC, Social and Administration Committee and Finance Com-

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<sup>1</sup> Not printed.

<sup>2</sup> H. J. Timperley, Australian member of GOC secretariat.

mittee scheduled and no meetings Steering Committee envisaged by Netherlands Delegation there seems to be no reason for return to Batavia members Republic Delegation, Republic Secretariat and press mentioned in aforementioned letter. Would appreciate to learn why committee considers presence aforementioned persons conducive to its work."

Following receipt first telegram quoted above, GOC asked Chairman Republic Delegation whether he would be willing have GOC recommend return 2 officers (Leimena and Pringgo Digdo) and 3 members Secretariat Republic Delegation to Batavia so that there would be responsible Republic officials there with whom GOC would deal directly during critical period next few days. Roem replied that Republic Delegation Secretary in Batavia could transmit to Jogja any information we wished conveyed following receipt word from Netherlands Delegation regarding their intentions resume negotiations. Accordingly GOC made no recommendations regarding admission members Republic Delegation to Netherlands controlled territory at present time and no members Republic Delegation came with GOC on delegation train September 22. Signed Cochran.

LIVENGOOD

S56e.00/9-2448

*Memorandum of Conversation, by the Chief of the Division of Southeast Asian Affairs (Reed)*

SECRET

[WASHINGTON,] September 24, 1948.

Participants: Mr. Charles S. Reed, Chief, SEA  
 Mr. W. S. B. Lacy, SEA  
 Mr. Frederick E. Nolting, Jr., NOE  
 Mr. H. A. Helb, Counselor, Netherlands Embassy

Mr. Helb called at my request. He was reminded of the importance which the Department attached to the creation and preservation in Indonesia of an atmosphere conducive to the resumption of negotiations and of Mr. Lacy's representations to him on September 20 suggesting that the Netherlands revoke or suspend the decree requiring the expulsion from Batavia of Republican negotiators, restitution of the Republican hospital to Republican hands, and some reasonable provision of diplomatic privileges and immunities to those members of the Republican Delegation who the Committee of Good Offices considered were actually engaged in negotiations. Mr. Helb was advised that since those representations had been made, Mr. Cochran reported continued serious deterioration in the already unsatisfactory relationship between the Republican and Netherlands Delegations, a deteriora-



tion which he felt was primarily due to Netherlands insistence upon the three items enumerated in the foregoing. Mr. Helb was advised that Mr. Cochran felt that the removal of these obstacles was a prerequisite to the resumption of negotiations and that the Netherlands Government must fully understand his views. Mr. Helb was further advised that the Department fully associated itself with Mr. Cochran's opinion and considered that the Netherlands was ill-advised in the extreme to allow rigid adherence to policies of secondary importance of this sort to jeopardize resumption of negotiations which, we believed, could achieve a settlement of the dispute. Accordingly, it was suggested to Mr. Helb that the Netherlands Delegation in Batavia return the Republican hospital to Republican hands, work out with Mr. Cochran a reasonable compromise on the provision of diplomatic privileges and immunities to a plausible number of Republican negotiators and suspend action on the decree requiring the departure from Batavia of certain Republican negotiators and their families. This was characterized to Mr. Helb as an act of statesmanship which this government expected the Netherlands to exhibit.<sup>1</sup>

Mr. Helb agreed to convey immediately to The Hague the views of the Department. He said, speaking personally and without instruction, that while some compromise on the issues discussed might be possible, he felt he must point out that such action on the part of the Netherlands as the Department has suggested would most certainly be interpreted by the Republic as a confession of weakness on the part of the Netherlands and that such would inevitably result in increased demands on the part of the Republic for further concessions from the Netherlands. He reviewed the long history of negotiations so as to substantiate this view. He added that it seemed abundantly clear to him now that no agreement reached with the Republic was of any value. In this connection, he mentioned (a) the continued infiltration of Netherlands-held territory by Republican operators in contravention to the truce agreement; (b) continued vilification of the Netherlands and Netherlands officials by the Republican radio and press; (c) the abuse of Netherlands hospitality by Republican negotiators who engaged in opium smuggling and who directed infiltration operation from Batavia; and (d) the flat refusal on the part of the Republic to validate Principle One of the *Renville* Agreement which provided for Netherlands sovereignty.

[Since other diplomatic representatives were waiting to see Mr. Reed, it was necessary to bring the conversations to a close. It was the consensus of Department officers present that Mr. Helb's views did not

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<sup>1</sup> Telegram 470, September 24, 7 p. m., to The Hague, instructed the Embassy to make similar representations to the Netherlands Foreign Office (501.BC Indonesia/9-2348). This was reported in telegram 447, Usgoc 148, to Batavia.

promise a particularly conciliatory point of view from his government, since Mr. Helb has in the past held relatively liberal views on the Netherlands-Indonesian Republic dispute.]

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501.BC Indonesia/9-2548 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET      US URGENT

BATAVIA, September 25, 1948—1 p. m.

834. Gocus 391. NethDel handed me September 23, 5:30 p. m. text *note verbale* date September 17 which was presented by Netherlands Foreign Minister to Department and was "important communication" concerning which Schuurman telegraphed me Kaliurang (Gocus 377<sup>2</sup>). One hour after Riphagen delivered document, Schuurman telephoned and USDel went his office. He began discuss *note verbale*. We explained no time study this document and had only same afternoon received summary from Department (Usgoc 145<sup>3</sup>) of conversations with Netherlands Foreign Minister. We offered come back later in evening for detailed discussion if provided 1 or 2 hours study.

Conversation turned to 3 documents I had delivered Schuurman namely RepDel's 2 letters acceptance and letter re procedural policy for filing RepDel report with SC. Schuurman termed RepDel communications blackmail and protested against their fixing conditions for acceptance USDel plan and establishing deadline for Netherlands acceptance or alternative filing by RepDel of protest with SC. USDel reviewed its efforts with both RepDel and NethDel to eliminate incidents and measures tending to make resumption negotiations difficult.

NethDel returned to subject their *note verbale*. USDel explained once more no changes in USDel draft possible before negotiations begin unless both parties agree thereto. USDel pointed out likely difficulty of having informal discussions toward this end in present conditions and especially prior acceptance USDel draft as basis negotiations by NethDel. USDel indicated readiness clarify points in draft which NethDel apparently misunderstood or found unclear.

At GOC meeting forenoon September 24, I said Schuurman told me Netherlands comments on RepDel report to SC would be delivered GOC during day. GOC asked secretariat draft GOC comments on RepDel and NethDel reports soonest.

Netherlands paper received later afternoon and 1 copy immediately given RepDel. (GOCUS conference September 24, 5 p. m.) Two hours profitably spent clarifying USDel draft in light NethDel *note verbale*

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<sup>1</sup> Repeated in telegram 476, September 28, 3 p. m., to The Hague.

<sup>2</sup> Not printed, but see telegram 824, September 23, p. 363.

<sup>3</sup> Telegram 438, September 21, not printed, but see footnote 1, p. 347.

and Usgoc 145. USDel reminded NethDel expiration RepDel time limit September 24.

11 p. m. September 24 Riphagen and Stuyt visited USDel. They said they came on own responsibility just after receiving important cablegram from Hague and without opportunity consult Schuurman. They said "message received by NethDel from Hague night September 24 to effect that before October 1 substantial contribution to resumption negotiations will come forward on part of Netherlands Government." They did not know whether this forecast acceptance USDel draft. They explained time limits had been close, communications with Hague slow and deliberations of Netherlands authorities require time. They regretted any occurrences which would vitiate further atmosphere for negotiations. I volunteered get above message to Hatta soonest convinced their good faith and acting on my responsibility. I said I should have word by 7 p. m. September 25 to any action Hatta may take on this message.

We made it clear to NethDel that, (1) should Netherlands reject USDel plan after seeking Hatta delay report SC, Republic would in our opinion have stronger case on record than it now has, (2) should there be any military action during period of delay made at instance Netherlands Government, it would be difficult put forward convincing case for delay, (3) Hatta would undoubtedly interpret "substantial contribution to resumption negotiations" as forecasting Netherlands acceptance USDel plan and that under circumstances we ourselves would regard such interpretation by Hatta as reasonable.

September 25, 6 a. m. I handed Arthur Campbell <sup>4</sup> typed text message above quoted. I gave him orally background with respect RepDel procedure for filing report SC and circumstances in which message delivered me. Campbell was departing 7 a. m. by plane for Jogja. I told him see Hatta soonest, deliver typed message, explain background and let him know I am doing everything possible with NethDel to improve atmosphere and expedite acceptance. Asked Campbell send back message by American pilot in afternoon as to Hatta's reaction. Signed Cochran.

LIVENGOOD

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<sup>4</sup> Attaché at Batavia.

501.BC Indonesia/9-2548 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State* <sup>1</sup>

SECRET US URGENT

BATAVIA, September 25, 1948—2 p. m.

835. Gocus 392. Re Gocus [*Usgoc*] 147, September 23.<sup>2</sup> USDel does

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<sup>1</sup> Repeated in telegram 476, September 28, 3 p. m., to The Hague.

<sup>2</sup> Telegram 444, not printed; it asked for comment.



not believe two provisos in first letter quoted Gocus 385<sup>3</sup> signify more than spelling out of RepDel understanding of phrase "acceptance as basis for negotiations". We consider phraseology of letter arose from distrust felt by Republican Party leaders who feared it might be claimed "acceptance as basis" meant definite commitment agree to each individual point of plan. USDel believes, however, that plan as whole is looked upon as pre-eminently reasonable and desirable by Hatta Government. •

USDel regards points (E[A ?]) (B) (C) in second letter quoted Gocus 385 as conditions precedent actual resumption negotiations. Has been consistent position RepDel that negotiations impossible under conditions created by issues there set forth. Issue in (A) particularly has created intense emotion in Republic. USDel believes, however, that RepDel would respond favorably to reasonable concessions from NEI authorities these points. Signed Cochran.

LIVENGOOD.

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<sup>3</sup> Telegram 816, September 21, p. 359.

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501.BC Indonesia/9-2548 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET      US URGENT      BATAVIA, September 25, 1948—6 p. m.

836. Gocus 393. NethDel comments on RepDel report to SC on recent developments in Indonesia of September 9 (Gocus 375<sup>1</sup>) received by GOC on September 24 (Gocus 391<sup>2</sup>). Transmitting letter from NethDel to GOC states:

[For text of letter and enclosures, see SC, 3rd yr., Suppl. (Dec.), page 75.]

Signed Cochran.

LIVENGOOD.

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<sup>1</sup> Telegram 788, September 15, p. 339.

<sup>2</sup> Telegram 834, September 25, p. 371.

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856e.00/9-2648 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET      BATAVIA, September 26, 1948—2 p. m.

838. For immediate interim contact with Republic and to perform observer activities for few days as agreed by Cochran and ConGen, Consular Attaché Campbell went Jocja by plane Saturday. He sent,

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<sup>1</sup> Repeated in telegram 476, September 28, 3 p. m., to The Hague.

back message to ConGen by plane which returned same day reporting talk with Hatta who gave following views of situation :

(1) Favorable military situation to Republic will be achieved in about 10 days at Madiun.

(2) Republic has 7 battalions (battalion is about 750 men) attacking and Communists have about 5 battalions defending city; lack of transportation hindering Republic troops.

(3) Communist revolt was scheduled start at Solo, then Madiun, Jocja and other points. Republic has 3 battalions seasoned troops now at Solo and situation is quiet there.

(4) About 400 Communists are under arrest at Jocja.

(5) Hatta feels situation is in hand.

ConGen and Cochran fully agree Department's suggestion for maintaining observer contact and are concerting on plans for such further disposition in matters as possible when Campbell returns.

LIVENGOOD

501.BC Indonesia/9-2648 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET URGENT

BATAVIA, September 26, 1948—6 p. m.

837. Gocus 394, September 25, 7:30 p. m. I received note from Campbell by plane from Jocja that he had spoken Hatta regarding message I had transmitted Netherlands delegate (Gocus 391<sup>1</sup>). Hatta referred him to Republican delegate Chairman Roem. Latter put down in writing for transmission to me "postponement until October 1 as proposed by Mr. Cochran is declared acceptable on conditions that steps against Indonesian families will not be taken until then."

I telephoned this immediately to Stuyt in absence Schuurman. He was sure conditions could be met from Netherlands side and expressed appreciation Netherlands delegate for my help. Australian delegate and Belgian delegate informed of foregoing. Signed Cochran.

LIVENGOOD

<sup>1</sup> Telegram 834, September 25, p. 371.

501.BC Indonesia/9-2648 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET US URGENT

BATAVIA, September 26, 1948—7 p. m.

840. Gocus 395. Reference points 6 and 7 in memo quoted Gocus 371, September 11 covering presentation USDel plan to parties.

<sup>1</sup> Repeated in telegram 476, September 28, 3 p. m., to The Hague.

Having now received Republican's acceptance USDel plan as basis negotiations (Gocus 385, September 21), we would, of course, in event we receive Netherlands acceptance, immediately present USDel plan as working paper to GOC and call on parties to resume and conduct negotiations with promptness in sense of Usgoc 141 September 17 [16].

As Dept suggested (Usgoc 143 September 19 [18]), we have thus far maintained considerable flexibility with parties in avoiding setting definite time limit on their replies to our proposals. In addition, as reported Gocus 391, September 25, following receipt by NethDel of message from The Hague that before October 1 substantial contribution to resumption negotiations will come forward on part Netherlands Govt, we requested Hatta and he agreed delay Republican report to SC until Netherlands contributions received (Gocus 394<sup>2</sup>).

In view Hatta's having agreed delay report to SC on understanding Netherlands contemplates making substantial contribution resumption negotiations, if such contribution does not include acceptance USDel plan, receipt or non-receipt Netherlands contribution on or before September 30 will precipitate 1 of contingencies listed below. We anticipate that any one of these contingencies will raise question of presentation of USDel plan as working paper to GOC.

1. Netherlands flatly rejects USDel plan as basis negotiations. Since USDel has made it clear to both parties that rejection of plan by one party would not preclude its submission as working paper to GOC and since Republic has accepted plan, we would consider ourselves bound, having received views both parties, to present plan to GOC.

2. Netherlands accepts USDel plan on conditions considered by us to be unreasonable and found by Republic to be unacceptable. We inclined to consider such action as tantamount to rejection USDel plan and to proceed as in case of rejection.

3. Netherlands offers counterproposals to USDel plan. We consider that in such case, submission USDel plan to GOC should be dependent upon Republic's rejection of counterproposals.

4. Netherlands further delays definite decision re USDel plan. We consider that in such case, unless circumstances have materially changed, submission USDel plan to GOC should be made October 1.

View foregoing, we consider it will be necessary immediate future either to present USDel's plan as working paper to GOC or be prepared to state our reasons for not doing so. We would therefore appreciate Department's views as soon as possible on procedure to be followed in each of contingencies envisaged above since both Republicans and other two members GOC can reasonably expect action by us one way or other upon receipt Netherlands contribution on or before September 30.

<sup>2</sup> *Supra*.



Dept may wish to consider whether useful purpose might be served either by Dept's acquainting Netherlands authorities Washington and The Hague with Dept's views foregoing or by our acquainting NethDel with Dept's views foregoing prior submission USDel plan. We would appreciate hearing specifically from Dept soonest re latter suggestion. Signed Cochran.<sup>3</sup>

LIVENGOOD

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<sup>3</sup> In telegram 457, September 29, 7 p. m. (Usgoc 152), to Batavia, the Department authorized submission of the U.S. delegation plan "in event any of four contingencies enumerated" and said it would so advise the Netherlands Embassy and The Hague. This was done in telegram 480 to The Hague. (501.BC Indonesia/9-2948)

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501.BC Indonesia/9-2648: Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*<sup>1</sup>

SECRET      US URGENT      THE HAGUE, September 26, 1948—9 p. m.

642. Saw Foreign Minister and Lovink and pointed out as strongly as possible desirability action suggested last paragraph Deptel 470, September 24.<sup>2</sup> Both admitted none of 3 items of paramount importance but said each in nature of demand which if acceded to will cause Dutch to lose face with Indonesians and cause latter to think game is up and Republic has won great victory even before negotiations begin.

They feel that Hatta not great impeccable national figure, and understand he is already dealing with Moeso, Alimin and Sjarifoeddin for compromise and voice in Republic Government. Appeasing Hatta in such circumstances would do irreparable damage. They believe it is time Hatta should be asked to yield and induced to withdraw these demands in advance of negotiations.

They added that whole matter will be discussed by Cabinet tomorrow and conclusions reached will be conveyed to Cochran before October 1.

The above are the Foreign Minister's personal views and are at variance with views outlined in our cable of yesterday (639 September 25, 1 p. m.<sup>3</sup>) and it remains to be seen what Cabinet finally decides.

BARUCH

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<sup>1</sup> Repeated in telegram 451, September 28, 11 a. m., to Batavia.

<sup>2</sup> See footnote 1, p. 370.

<sup>3</sup> Not printed.

S56e.00/9-2748 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary  
of State*

SECRET

US URGENT

THE HAGUE, September 27, 1948—1 p. m.

NIACT

645. As suggested Embtel 642, September 26, the night has brought counsel. I requested interview with Lovink to emphasize once more importance which our government attaches to avoidance of any decision which would preclude resumption of negotiations with Republic. I learned that Foreign Office had received during night communication from Cochran on behalf of Hatta which latter indicated that Republicans would withhold until October 1 presentation their report to SC if Dutch would refrain until same date from ejecting families of Republican officials remaining in Batavia. While they insist that it is most important they control possibility for infiltration bringing sabotage and propaganda into Netherlands-controlled territory, they have made this concession.

On other two points, as to diplomatic immunity they are willing to grant such immunity to those actually engaged in GOC discussions when same have commenced. As to third point of control of hospitals, he referred to fact that this was a building conceded to Republicans for hospital facilities and Republican headquarters and arrangement could be made concerning this also which would be mutually satisfactory as soon as discussions have begun.

They will outline their position, document to reach Cochran before October 1 which will mention among other things question of international relations of new Republic of Indonesia. They will stand firm on the point that such international relations though left to new government must under no circumstances be of such nature as to make it impossible for union to make them conform to general international relations of Netherlands so that it shall not be possible to find United States of Indonesia on Russian and yet on side of western democracies. Any arrangement which contemplates this possibility will not be acceptable to Netherlands. Second point which they will stress in this document will be impossibility of elections held before re-establishment of law and order. Lovink states that Cabinet meeting this afternoon will definitely decide on this question and if discussions can begin on this basis that the three points mentioned (Deptel 463, September 23 <sup>1</sup>) can readily be compromised. He stated further that Stikker

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<sup>1</sup> See telegram 815, September 20, p. 357, and footnote 1.

personally could have no part in any negotiations that did not provide for these two outstanding questions as this was *sine qua non* for continuing in the Cabinet and further Stikker's party associates were strongly of same opinion. Latter for Department's information.<sup>2</sup>

BARUCH

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<sup>2</sup> Telegrams 647, September 27, 9 p. m., and 652, September 29, 4 p. m., from The Hague, reported the Cabinet had acted and the Netherlands reply should reach Batavia on September 30. This was relayed to Batavia by the Department. (S56e.00/9-2748; 501.BC Indonesia/9-2948)

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501.BC Indonesia/9-2648 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

SECRET      US URGENT      WASHINGTON, September 27, 1948—6 p. m.

449. Usgoc 149. Report that Sjarifuddin and Setiadjit proceeding Jogja discuss settlement with Repub Govt (Hague tel 642, Sep 26) suggests possibility deal between Repub Govt and Communists by which reps Popular Democratic Front now amalgamated with Communists might be given place in Govt.

If you believe such eventuality possible, Dept suggests your discretion you indicate to ranking Repub official available that in your opinion recent sharp cleavage effected between Communists and Communist sympathizers in Repub on one hand genuine nationalists on other could only have been most welcome development to US Govt and US public opinion, affording prospect Communist threat Indonesia would be isolated and disposed of at favorable stage in process creation sovereign Indonesia. Suggest you state further firm action against Communists by Repub Govt could hardly fail accrue advantage Repub by giving it clean bill health in eyes democratic govts and peoples and added stature as representative and effective govt; finally, that any temporizing with Communists, particularly inclusion Communist sympathizers in cabinet, would not only destroy these gains but leave Repub Govt in much worse position than before, with scant grounds on which appeal to democracies for sympathy or support. You might call attention events India and Burma as demonstrating impossibility any compromise between Communists and nationalists and developments Eastern Europe as proving amalgamation Socialists with Communists can end only with destruction former.

Such approach must of course be informal and personal to avoid implication this Govt ready come forward with definite *quid pro quo* for decisive action by Repub against Communists, which Dept not



prepared offer as such, although Dept would necessarily reconsider desirability continuing press Dutch for conciliatory attitude toward Repub and acceptance draft agreement should Repub compromise on Communist issue.<sup>1</sup>

LOVETT

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<sup>1</sup> Repeated as 475 to The Hague.

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501.BC Indonesia/9-2848 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET      US URGENT

BATAVIA, September 28, 1948—6 p. m.

849. Gocus 397. We doubt eventuality reported first paragraph Usgoc 149, September 27 will arise. Our information is that possibility deal between Hatta government and Communists extremely unlikely in view fact Hatta government actively pressing military campaign against Hadiun group (see Amadja 59 Weeka 21-27 September from Mayer <sup>1</sup>).

We completely agree with Department re desirability discreetly indicating to ranking Republic officials that in our opinion recent sharp cleavage effected between Communists and Communist sympathizers in Republic on one hand and genuine Nationalists on other is most welcome development. This connection please refer second paragraph Gocus 384, September 20 for exact words Cochran used in expressing this view to Hatta September 20. Cochran or Scott, or both, will make special trip Jogja if receipt Netherlands Government's "substantial contribution to resumption negotiations" presents opportunity to do so. We would utilize this occasion to reiterate view already expressed to Hatta (Gocus 384) and views set forth Usgoc 149, being careful, of course, to make approach informal and personal to avoid implication referred to final paragraph Usgoc 149. For this reason we believe it best to express these views directly to Hatta rather than to convey them through secretary RepDel who only ranking Republic official now in Batavia.

We remain of opinion that Netherlands acceptance negotiate on basis USDel plan will help more than anything else at present time to insure cleavage between Communists and Hatta government. Signed Cochran.

LIVENGOOD

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<sup>1</sup> Not printed.

501.BC Indonesia/9-2948: Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

SECRET US URGENT WASHINGTON, September 29, 1948—noon.

454. Usgoc 151. [Here follows quotation of telegram 645, September 27, from The Hague, printed on page 377, except for the first sentence.]

Conversations with Counselor NethEmb Wash Sep 24 and 27 re Dept's démarche 3 points Usgoc 148 Sep 24<sup>1</sup> unsatisfactory. NethEmb took position Neth being pressed as usual make last minute concessions in order negotiations be resumed; Repub entirely unreliable unwilling or unable abide by any agreement; Dept's pressure 3 points has embarrassed Neth Govt in effort suppress unlawful and subversive activities carried on by large Repub delegation Batavia (infiltration and opium smuggling) and Hatta not yet proved himself determined able adversary Communists Indonesia. Dept officers told Counselor NethEmb they regarded his position unsatisfactory and replies unresponsive. Counselor replied his govt's final position would be communicated Baruch. That position set forth Hague's 645 received after conversation Neth Counselor.

LOVETT

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<sup>1</sup> See memorandum of September 24, p. 369.

501.BC Indonesia/9-2748

*The Acting Secretary of State to the Embassy in France*<sup>1</sup>

SECRET WASHINGTON, October 1, 1948—5 p. m.

Gadel 104. For Bancroft, Rusk, Jacobs.<sup>2</sup> In your discretion suggest informing Chinese Del (re Delga/138<sup>3</sup>) if Indonesian case before SC, most effective action might be appropriate measures in SC to induce settlement rather than increase powers GOC. China presumably willing support such measures SC.

For your info we consider implied threat held out Neth that US may wish recover freedom action including possibility trade or other relations Rep might be powerful weapon induce Neth agreement Cochran Plan. Accordingly if you and Cochran concur and on [if?] contingency matter comes to SC, we will take following position with NethEmbassy: (1) We actively support Cochran proposals, (2) we

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<sup>1</sup> Repeated as 462 to Batavia (for Cochran) and as 485 to The Hague.

<sup>2</sup> Joseph E. Jacobs, adviser to the U.S. Representative at the United Nations, had been Political Adviser in Korea until August.

<sup>3</sup> September 27, not printed.

support appropriate SC action to bring it into effect, (3) we will help parties carry out settlement in any appropriate way, (4) if, after SC consideration and action, settlement does not appear prospective, we may have to regain our freedom of action, which might include withdrawal from GOC.

For your info taking above position with Dutch would not mean fixed purpose at this time carry out all measures indicated.<sup>4</sup>

LOVETT

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<sup>4</sup> Telegram Delga 250, October 7, 2 p. m., from Paris, replied that the Chinese delegate would be informed and the course proposed was concurred in. (501.BC Indonesia/10-748)

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501.BC Indonesia/10-148 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*<sup>1</sup>

SECRET      US URGENT  
NIACT

WASHINGTON, October 1, 1948—7 p. m.

465. Usgoc 155. Counselor Neth Emb informed Dept Oct 1, p. m., that (a) Neth Govt is instructing Neth Del Batavia it accepts Cochran proposals as basis negotiations with same reservations attached by Rep to its acceptance, (b) Neth Govt will adopt as conciliatory attitude as possible toward Rep's 3 conditions precedent to resumption negotiations (hospital, diplomatic immunity, expulsion Rep families) in return for which Neth Govt expects Rep Govt assure full implementation truce agreement (suppression infiltration, sabotage, guerrilla activities, opium smuggling) Neth Govt confident foregoing can be accomplished within 3 days, (c) Neth Del will ask Cochran submit his proposals to GOC as working paper but will request Cochran include by whatever procedural means are possible Neth Govt's counterproposals as part of discussion of working paper.

Dept gratified Neth acceptance Cochran proposals as basis negotiations and believes Neth Govt's requests in (b) and (c) eminently reasonable.

LOVETT

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<sup>1</sup> Repeated as 1407 to Brussels, 234 to Canberra, 487 to The Hague, 3831 to London, and Gadel 111 to Paris.

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501.BC Indonesia/10-148 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

SECRET      NIACT

WASHINGTON, October 1, 1948—7 p. m.

466. Usgoc 156. Dept according most urgent attention items 1 thru 8 Gocus 399, Sept 29,<sup>1</sup> with particular reference to medical supplies

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<sup>1</sup> Not printed.



as available to be offered Hatta gratis, textiles and any other items to be purchased by him as he has requested. For your info Dept now energetically examining several alternative means supplying textiles and other items to Hatta. Details will be given you soonest. Dept believes meanwhile it may be useful for you to be in position to tell Hatta that you do not know details of Dept's plans. If you feel that situation calls for it you are authorized to inform Hatta that US is giving urgent consideration to his requests and its initial views have been communicated to you as being hopeful in matter of availability of textiles to him in near future.

Dept concerned that Hatta not get impression that US backing so complete that he can (a) get tough in negotiating, or (b) hope to bleed the US. Hatta should understand, therefore, that US is helping him fight Communism and does not intend that his position in negotiations is changed as a consequence US support in this manner. Please comment.

LOVETT

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856e.00/10-448 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, October 4, 1948—10 a. m.

870. From all accounts, Republican Government has now occupied practically all Red-held spots. Republican who just returned from Jogja believes situation well in hand and that affair will be fully settled in immediate future. In view of fact that Muso and other top Communists remain at large, this view seems somewhat optimistic, as there will always be danger of incitement, guerrilla and underground warfare until Muso and others have been captured. However, the speed and ease with which government troops occupied all major places without any real fighting, the loyalty of practically all the army and the inertness of the populace are all hopeful signs that Reds will be unable to stage successful comeback for some time to come.

Rumor has it that pleasure in non-Republican territory at the Republican successes has not been unanimous as some elements would have liked to see the Republican Government in difficulties and still others are reported to be disappointed that Dutch or Federalist troops did not have cause for moving.

LIVENGOOD

856d.00/10-448

*Memorandum of Conversation, by the Counselor of the Department  
of State (Bohlen)*<sup>1</sup>

TOP SECRET

[PARIS,] October 4, 1948.

Participants: The Secretary  
Ambassador Caffery  
Mr. Bohlen  
Mr. Ernest Bevin <sup>2</sup>  
Mr. Frank Roberts <sup>3</sup>

Mr. Bevin said that the Dutch Foreign Minister was concerned at the differences which had developed between the Cochran proposals and the views of the Dutch Government concerning elections in Indonesia; that the Cochran proposals were for immediate elections and the Dutch wished to have more law and order established before proceeding with elections. He said the Dutch felt that this was very important for them domestically in Holland and had asked him if anything could be done to bring the United States and Dutch points of view closer together.

The Secretary said we have had three different representatives in Indonesia beginning with Mr. Graham, President of the University of North Carolina, and that all three had felt that the Dutch were delaying and stalling on this Indonesian question; that previously there had been differences between the Department and the representative on the spot and that now there was complete unanimity on the necessity of proceeding without undue delay with the holding of elections. He understood that January 5 was the date under consideration. He said also that the open Communist outbreak against the Republican Government had clarified the situation as to elections and that we felt that elections held now that the Communists have shown their hand might avoid some of the worries of Communist penetration through elections which had previously existed.

Mr. Bevin agreed that the matter should be settled and that the Dutch, in particular Van Mook, had been very unwise in their approach to this problem, acting in the belief that a few troops can clean up disturbances in jungle country. He said the British knew better; that one of the difficulties now was that the Dutch troops in Indonesia were becoming restive and dissatisfied. He expressed the hope that

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<sup>1</sup> Initialed by the Secretary of State.

<sup>2</sup> British Secretary of State for Foreign Affairs.

<sup>3</sup> Private Secretary to Mr. Bevin.

the United States and the United Kingdom could concert their attitude and see how far the Dutch could be met on the point of elections. The Secretary remarked that we had anticipated Dutch reactions as soon as there was any talk of a definite date for elections.

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501.BC Indonesia/10-548 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET      US URGENT      BATAVIA, October 5, 1948—8 a. m.—1 p. m.  
 NIACT

874[-879]. Gocus 402. NethDel delivered USDel 12 midnight October 4 following confidential letter dated Batavia October 5 addressed Cochran.

[Here follows text of letter with enclosures, quoted in telegrams 874-879, October 5, Gocus 402, none printed. For text as finally submitted on October 14, see SC, *3rd yr., Suppl.* (Dec.), page 169. See also telegram 913, October 14, 10 p. m., Gocus 411, page 418.]

Signed Cochran.

LIVENGOOD

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501.BC Indonesia/10-548 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET      US URGENT      BATAVIA, October 5, 1948—5 p. m.  
 NIACT      [Received October 5—7:33 p. m.]

884. Gocus 403. USDel received by Netherlands delegation today 11 a. m. at our request. I told Schuurman we sought explanation 2 or 3 points in Netherlands delegation reply which we had glanced through and reminded him he had asked us similarly for certain explanations of our draft plan. Netherlands delegation first asked permission change date of covering letter of acceptance from October 5 to 4. Granted. Reference final paragraph that letter I asked whether Netherlands delegation expects USDel transmit to GOC members and Republican delegation complete set documents or only those marked "annexes". Reply was full set.

Reference paragraph in covering letter beginning "in the third place" I sought and received document under reference constituting official communiqué issued on September 15 at Hague and Batavia. This states in part: "the government considers it necessary to declare explicitly that all Communist action is contrary to law and order and is therefore subject to articles of penal law, which protect the peace. This applies to individual activities as well as to membership of so-



cieties on a Communist basis. For a considerable time the government has taken measures against these criminal activities but from now on it intends to fight these activities with all lawful means. It follows that these measures are directed only against those persons who carry out, aim at, or propagate the criminal purposes of Communist agitation. These measures do not infringe the right of free speech, the liberty of the press or of political organization, as long as such organization has no Communist basis and lawful bounds of peaceful action are not transgressed."

I referred Schuurman's visit yesterday (reported Gocus 401<sup>1</sup>) and reminded him he had said some contradictions in latest instructions from Hague. I thought there was indication further conflict and confusion. I referred to 3 preliminary conditions marked I, II and III in covering letter. I said Netherlands Embassy counselor on October 1 communicated to Department conditions on which Netherlands Government had instructed Batavia accept my proposals as basis negotiations. Netherlands counselor had stated that Netherlands Government would adopt as conciliatory attitude as possible toward Republic's 3 conditions precedent to resumption negotiations and would in return expect Republican Government assure full implementation of truce agreement (suppression, infiltration, opium smuggling, sabotage and guerrilla activities). I stated conditions set forth in covering letter not in my mind limited to seeking assurances but place in mouth of Republican Government specific statements they are to make public. I asked which was correct sense of conditions. I stressed that GOC itself already undertook procedure looking to early recommendations for better observation of truce and would of course do everything possible to improve this for critical stage of resuming negotiations. Netherlands delegation replied covering letter drafted Batavia and text approved by Hague. They insist assurances are not enough and substance of language establishing the 3 conditions must be used by Republic Government.

I mentioned transportation difficulties explaining our C-46 unable leave ground and C-47 which had been sent here to replace it is now in Manila for its repair and repair parts for both planes and not expected Batavia before latter part this week. I said I would have to study Netherlands delegation reply carefully before acting thereon. Schuurman said that in view of USDel and Netherlands delegation agreement on expediting negotiations he hoped I would pass answer promptly to parties concerned. I told him I would study document urgently and act as quickly as I conscientiously could. I reminded him, however, that I had interceded 3 times for Netherlands delegation with

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<sup>1</sup> Telegram 872, October 4, 5 p. m., not printed.

Republic delegation in explaining delays by Netherlands delegation and was sure he would be reasonable with me.

I am interrupting transmission Gocus 402<sup>2</sup> text of reply to interject this message on procedural policy. Before passing Netherlands delegation reply to Republic delegation or GOC associates, USDel will await Department's decision thereon. Doubt seriously Hatta Government could broadcast specific statements requested by Netherlands reply and continue in office. While opposing communism militantly, question arises advisability outlawing communism.

Gadel 104<sup>3</sup> indicated to USDel that Department had thought out possible procedure to be followed in event acceptance by Netherlands delegation outlined in Usgoc 155<sup>4</sup> does not promise result successfully and reference case to SC is warranted. Question now arises whether Department would see fit question Netherlands Government on matter above mentioned of preliminary conditions required of Republic Government prior transmission Netherlands delegation reply to Republic Government by USDel with view seeking wording more consonant with message given Department by counselor Netherlands Embassy. If this point overcome it might be possible compromise on other precedent conditions both sides and get them into negotiation. Netherlands reply has however imposed in oral note I conditions as to substance which Department may consider negate acceptance. Furthermore oral note II constitutes revision USDel plan along strict lines indicated some weeks ago as contemplated in a Netherlands delegation draft (Gocus 364<sup>5</sup>). Would Department prefer we get 2 parties into negotiation even with these factors making successful outcome highly questionable or does Department suggest more direct reference case to SC?

It is our view that covering letter and enclosures quoted in full Gocus 402, if presented in their present form to Republic, would prompt Hatta to throw case into SC. The Republic would probably take view that Netherlands conditions precedent to actual resumption negotiations set forth Paragraphs I, II and III of covering letter make resumption of negotiations under GOC auspices impossible. They would probably also take position that presentation of Netherlands oral note II amounts simply to rejection of substance USDel's plan and that in this connection Netherlands have given the Republic 3 weeks in which to accept or reject the Dutch plan.

It seems to us that the following general lines of action remain open: We could turn over the Netherlands reply in its present form to

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<sup>2</sup> *Supra.*

<sup>3</sup> October 1, p. 380.

<sup>4</sup> Telegram 465, October 1, p. 381.

<sup>5</sup> Telegram 742, September 1, not printed, but see footnote 1, p. 313.

Hatta and leave it up to him to accept Netherlands terms or to take the whole issue to the SC. If this procedure were followed and latter alternative chosen by Hatta, or if GOC itself should report situation to SC, Department might wish to support USDel's plan in the SC and endeavor to get the SC to recommend to the parties that it be used as a basis for negotiations. This connection, talks with members Netherlands delegation lead us believe Netherlands might argue in SC that danger to maintenance international peace does not exist and therefore SC could not in any case recommend USDel's draft to parties.

Second general line of action, as we see it, is this. Department may wish bring sufficient pressure on Netherlands as to occasion them to remove condition set forth in Paragraphs I, II and III of covering letter and to remove from it third paragraph which states that there are parts of USDel's draft agreement to which objections of such serious nature exist that they "cannot be incorporated in the political agreement." This paragraph of Netherlands delegation's letter is, in our opinion, tantamount to rejection of substance of USDel's plan and, in our opinion, would be so regarded by Republic. With removal of this reservation as to substance of USDel's plan and with removal of conditions precedent to actual resumption of negotiations set forth in Paragraphs I, II, and III of covering letter, we believe it would be possible that Hatta would agree to resumption of negotiations under GOC auspices without reference to the SC. Assuming resumption of negotiations under GOC auspices in such circumstances, we believe it possible to achieve a settlement by following general suggestions Department made Us goc 141.<sup>6</sup> Procedure we would use would be along following lines: (1) We would request both parties to submit any amendments they may wish to make to USDel's draft in writing and in article form: (2) Where such amendments submitted by parties were in conflict with each other, we would ask parties to accept GOC recommendations as to their reconciliation. Parties could themselves of course request the GOC to make such recommendations and could, if they wished, undertake in advance either (a) to accept such recommendations or (b) to consider them seriously.

In light of fundamental issue presented by these alternatives, USDel has not as yet transmitted Netherlands delegation note October 4 to Republican or to GOC colleagues and will continue to hold until Department's instructions received. USDel can temporize briefly by capitalizing on immediate unavailability of plan, need of time for study, clarification, etc., but will hourly be under increasing pressure from Republican delegation which knows Netherlands answer already long overdue and from GOC colleagues. Netherlands delegation like-

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<sup>6</sup> Telegram 428, September 16, p. 341.



wise urges transmission to Republic soon as possible. With Hatta scheduled leave Jogja for Sumatra by Monday, highly desirable he should have answer in time for full discussion his colleagues. By delay we take risks consequent upon increasing tension and internal situation Republic in addition to possibility inspiring distrust. I suggest telephone be used for immediate answer in effort accelerate receipt of reply. I shall endeavor call Butterworth at Department between 8:30 and 10 o'clock Washington time morning October 6. Will understand answer "yes" to mean we deliver Netherlands note in present form to Republican delegation soonest. Answer "no" will signify desire of Department that I await further cabled instruction.

From foregoing Department will understand I envisage possible use every pressure mentioned Gadel 104. Signed Cochran.

LIVENGOOD

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501.BC Indonesia/10-648: Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

SECRET US URGENT

WASHINGTON, October 6, 1948—5 p. m.

NIACT

472. Usgoc 157. Counselor NethEmb called at Dept request morning Oct 6. Dept officers conveyed in solemn fashion Cochran's estimate consequences of present NethDel position as expressed covering letter and oral notes pointing out that Cochran could not temporize much longer and that most expeditious action on part Neth Govt imperative; that if, as Cochran and Dept believed, Hatta should regard presentation Neth letter and oral notes tantamount to rejection substance USDel's plan and submitted case to SC, Dept would in ensuing debate support Cochran proposal and would in circumstances recover freedom of action in respect entire Indonesian question, requesting SC to be relieved of its responsibilities on GOC. In recapitulating Dept officers made clear that Dept and Cochran considered Neth Govt must recede from or modify its position in respect of substance and phraseology covering letter and total unacceptability provisions Cochran plan to which objections set forth in oral notes I and II; that Cochran and Dept believed that resumption of negotiations possible if conditions identified ninth para Gocus 403 <sup>1</sup> be removed.

Neth Counselor, stating he had no knowledge covering letter and annexes, visibly shaken. He undertook immediately to communicate Dept's views to Hague suggesting desirability Dept instructing Baruch make strong representations Neth FonMin. Baruch will be so in-

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<sup>1</sup> Telegram 884, October 5, p. 384.

structed immediately. Dept officers suggested that in view shortness of time Neth Govt should communicate its decision this matter simultaneously to Cochran, NethEmb Wash, and Baruch.

Dept much appreciates excellent analysis situation Gocus 403. Regrets unsatisfactory telephone connection but presumes Dept's choice of answer "no" was clear. From foregoing it will be apparent that Dept has exerted every pressure mentioned Gadel 104.<sup>2</sup>

Dept requests you postpone discussion GOC procedure suggested para 9 numbered 2 until receipt Dept views this matter.

LOVETT

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<sup>2</sup> October 1, p. 380.

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501.BC Indonesia/10-548 : Telegram

*The Acting Secretary of State to the Embassy in the Netherlands*

SECRET US URGENT

WASHINGTON, October 6, 1948—6 p. m.

493. Fol is Gocus 403 Oct 5: [Here follows quotation of telegram 884, printed on page 384.] Fol receipt above tel, Dept gave Cochran answer "no" by phone.

Dept officials immediately held conversation with Helb, Counselor, Neth Emb, and made clear extremely serious consequences which, in both Cochran's and Dept's opinion, would result if Neth counterproposals were transmitted to Repub. Dept emphasized 2 major objections Neth counterproposals from point view negotiability with Repub: (a) Neth demands re "conditions precedent to resumption negotiations", and method presentation such demands; (b) substantial differences between Neth counterproposals and USDel proposals, involving "heart" USDel plan. On latter point, we stressed fact that 3 different US Reps on GOC had reached identical conclusions re essential points in which Repub could not, and should not be asked by GOC, accede Dutch position. Pursuant Cochran's tel quoted above, we pointed out likelihood that, if Neth proposals introduced, Repub would throw matter into SC; that in such event US Govt would support USDel's proposals; that US would withdraw from GOC; that in consequence withdrawal US would regain freedom of action; that possibly SC might then choose to increase powers of GOC to those of mediation commission.

You are requested convey FonOff immediately views US Govt as set forth above, to end that Neth Govt either (a) modify its position re resumption negotiations or (b) understand clearly US position with regard to future course US action this matter.

Text Neth proposals now being recd by Dept from Batavia will be forwarded you soonest.

LOVETT

501.BC Indonesia/10-748 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

SECRET      US URGENT      WASHINGTON, October 7, 1948—11 a. m.

475. Usgoc 158. Dept proposes Oct 7 to advise Soemitro that it raises no objection his despatch by ship 12 million yards textiles to Repub during month Oct. NethEmb Wash will be advised simultaneously that Dept raising no objection this transaction and as "good officer" wishes make sure transaction not subject to vicissitudes Neth blockade, including enforcement provision that values shipments in and out must balance. At same time, Dept will suggest to NethEmb overwhelming desirability NEI Govt offering to sell Hatta textiles now in possession NEI Govt in Indonesia, in view imminence Soemitro transaction, with US engaging replace Neth textiles. Fox, who has been active in promoting Soemitro transaction, will be asked to step out of transaction.

Dept has reason to believe that Neth Govt will agree to Soemitro transaction and that Fox will step out. Dept supplying this advanced info to you at this time, however, in hopes that it may be useful to you. Dept will advise you within following 2 days as to final outcome together with its views as to representations you might make in premises to Hatta.<sup>1</sup>

LOVETT

<sup>1</sup> Repeated as 494 to The Hague.

856e.00/10-748 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

SECRET      NIACT      THE HAGUE, October 7, 1948—9 p. m.

670. Saw Foreign Minister and conveyed to him Department's view as per instructions contained Deptel 493<sup>1</sup> October 6 and outlined to him as instructed position which our government would be forced to take if Republic refused further discussion and appealed to SC.

Foreign Minister seemed deeply impressed with gravity and seriousness of situation and stated that neither he nor any member of his

<sup>1</sup> Repeated in telegram 480, October 8, 4 p. m., to Batavia.



Cabinet desired any bloodshed and wished only to see political agreement arrived at by negotiation. He pointed out that their covering letter to Cochran and the 3 points presented as conditions precedent contained in their language what they believe should be done to implement truce and create conditions under which negotiations could proceed. He stated 1,000 natives were murdered today in Republic, 8,000 armed Communists and Republicans had infiltrated Dutch area and he emphasized that this must be stopped and truce implemented. Foreign Minister and Cabinet he says are not concerned with form but only with substance of implementation of truce. Accordingly he states he would be glad to hear any suggestions Cochran or our government could propose which would reach these objectives and accomplish implementation of truce agreement which would be effective and in-offensive to other party and agreeable to Cochran.

As to other matters presented he could not discuss these until he had consulted Cabinet but would only state that as far as time limit was concerned 3 weeks should be long enough to arrive at essentials of political agreement and that then the two parties should be able to decide and fix a time limit for the definite conclusion of whole agreement and that this should be as soon as feasible.

Personally I believe that plan submitted by Netherlands contains what they believe to be essential from their long experience in premises. It may be possible that they will consent to change the form or delay the time in which Netherlands plan shall be presented to other 2 delegations of GOC and to Republic.

BARUCH

501.BC Indonesia/10-848 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET US URGENT

BATAVIA, October 8, 1948—3 p. m.

NIACT

896. Gocus 404. I telephone Schuurman October 7, 4:30 p. m., I would not proceed Jogja eighth for delivery NethDel answer since certain points not yet clarified. Shortly afterwards Schuurman visited me asking explanation. I reiterated answer handed me differed importantly from understanding of USDel and Department as to what was to be expected. I said Netherlands Embassy, Washington, had given Department concept of reply so far out of line with document factually received that I could not possibly act on it without clarification. Schuurman insisted text was fully approved and should be accepted as final. He intimated indirectly that NethDel had received confirmation this October 6. In response my query whether such mes-

sage had referred to specific inquiry from NethDel on this point or reported any conversation between Netherlands Embassy and Department, he replied negatively. I said he had told me he would cable on point I raised about assurances. I said I likewise had cable on this and other features of reply (Gocus 403<sup>1</sup>). While ordinarily I could act on my own responsibility, I considered it necessary to familiarize Department with situation wherein there were such divergent positions assumed by Netherlands representatives. Schuurman again insisted draft was final. He added that the part on what I called assurances had been approved by Van Mook 2 months ago, they were not seeking simply assurances but actual steps such as specified in text. I said I would still wait for further clarification whether it came from The Hague or Washington, and would not be stampeded by him or Communism or anything else.

I expressed Schuurman my regret that Rotterdam paper October 6 carried story USDel plan and Netherlands' reaction of such accuracy that official source of information could not be doubted. I said I had maintained such secrecy here that GOC colleagues resentful and now UP had carried critical report. I thought we should all strive for secrecy realizing embarrassment when positions exposed prematurely.

Schuurman reverted my insistence on having clarification before delivery Netherlands' reply to other parties. He asked if he should cable The Hague thereon. I said he was perfectly free to tell his government that I did not intend to deliver a reply until I understood definitely that it was final in view my feeling present text does not conform with impression thereof given Department by Netherlands Embassy or expectations based on conversations had in Washington when Netherlands FonMin there as reported to me. I told him he must realize as well as I do the important character of NethDel reply and significant results that may follow its presentation to RepubDel. I refused to speculate on what USDel position might be in various contingencies. I insisted I had come seeking successful solution and would stick to that end for present.

Sudjono visited me last night. He gave me following telegram October 6 from Roem: "Inform USDel Cochran that I informed Palar of NethDel information; furthermore, as character of Dutch reply is doubtful, you are instructed to deposit copy of our reports confidentially with Secretary General Trygve Lie submitting to him copy of this and former messages concerning, with stipulation that report be mentioned as point of agenda for future date." He insisted I should keep this confidential information for myself and not divulge it to NethDel or GOC colleagues without specific authorization from Roem.

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<sup>1</sup> Telegram 884, October 5, p. 384.

I have not sought such authorization. Sudjono thinks no publication will be taken SC until Palar so requests on instructions from Jogja.

UP correspondent called this forenoon. Told me he knew filed copy on negotiations and intimated material leaking. He understood my policy of silence toward him although he regretted I felt necessity therefor.

RepubDel pressing me as to when I will go Jogja particularly since Hatta departure still scheduled for Monday if C-46 repaired by then, and if clearance for plane and party accorded by Netherlands. Usgoc 157<sup>2</sup> precludes delivery NethDel reply in present form to Republicans without further instructions from Department. Since Department requested Netherlands Embassy have Embassy, Baruch and me all informed result Department's representations on amendment of reply, I shall deliver Netherlands reply to Republic, in original form or as amended, only after either: (1) instructions from Department, or (2) a definite statement from Schuurman that he has received final instructions to have such reply delivered after The Hague had full opportunity to consider views of Department officers as expressed to counselor Netherlands Embassy, Washington October 6.

Will Department please inform promptly whether it agrees or has different idea on procedure outlined preceding paragraph.

Sent Department 986; Department pass The Hague.<sup>3</sup> [Cochran.]

LIVENGOOD

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<sup>2</sup> Telegram 472, October 6, p. 388.

<sup>3</sup> This was done the same day.

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856d.00/10-848: Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*<sup>1</sup>

SECRET      US URGENT

THE HAGUE, October 8, 1948—4 p. m.

674. Foreign Minister, in further interview last night, made strong statement for which I would urge Department's most careful consideration. He stated emphatically that neither he nor his Cabinet associates could understand our government's taking the position that elections held under present conditions in Indonesia would be meaningful and all important to Cochran plan. He had discussed this matter with Spaak, Bevin, Schuman<sup>2</sup> and Scandinavian Foreign Ministers and they agreed with him that election held amidst anarchy, murder and terror (Embtel 670, October 7) would be valueless. He declared

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<sup>1</sup> Repeated in telegram 483, October 9, 1 p. m., to Batavia.

<sup>2</sup> Robert Schuman, French Minister for Foreign Affairs.



this was crux of whole difference between their plan and Cochran's and pointed out that Dutch press that very day carried report from Batavia (Embtel 673, October 8<sup>3</sup>) that spokesmen for Republic had stated Republic would drop demand for elections prior establishment interim government. Stikker added, if US backed Republic and insisted that only Cochran plan was possible, that Dutch case was being prejudged; he could not believe it was impossible convince Department of reasonableness of his government's position.

He further stated that if US accepted Dutch position on elections he was sure whole question would be settled within 3 weeks to entire satisfaction every one except Communists. More was at stake than Communism in Asia (important though that is); the decision would be reflected in Holland and in Europe in weakened defense against Communism, if such mistaken policy should be adopted Indonesia this critical moment.

BARUCH

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<sup>3</sup> Not printed.

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856d.00/10-848

*Memorandum of Conversation, by the Acting Chief of the Division of  
United Nations Political Affairs (Bancroft)*

SECRET

[PARIS,] October 8, 1948.

Participants: Dr. Wang Shih-chieh<sup>1</sup>—China  
Secretary Marshall  
Harding F. Bancroft—USDel

I was present at a meeting between the Secretary and Dr. Wang of China.

Dr. Wang first raised the issue of some difficulties which the Chinese were encountering in getting arms shipments to China. The Secretary said that he would look into this when he was in Washington over the weekend.

The Secretary then referred to Dr. Wang's letter<sup>2</sup> which had mentioned the desirability of a prompt solution of the Indonesian question. The Secretary said he thoroughly agreed with that and that the United States was making maximum efforts in this direction. He said that there was complete unanimity between Dr. Graham, Mr. du Bois, and Mr. Cochran, our three representatives on the Good Offices Committee, as well as the United States military men in the Netherlands East

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<sup>1</sup> Chinese Minister for Foreign Affairs, attending the UN session in Paris.

<sup>2</sup> Dated October 5, not printed.

Indies and the State Department that the Dutch had been deliberately stalling the completion of an agreement with the Republic.

The Secretary said that Mr. Stikker, the Dutch Foreign Minister, had made a special trip to Washington to see him just before the Secretary left for Paris. The Secretary said that he had talked very frankly and plainly to Mr. Stikker and had told him the United States position. Mr. Stikker had said that he was having trouble with the Dutch Parliament and that in the Dutch view it was inappropriate to hold elections as early as January 1949 because of the possibility that the Communists would get too strong a hold. The Secretary told Dr. Wang that since then the Communists have come out in the open and there is active hostility between the Hatta Government and the Communists. Accordingly, this would seem to eliminate the Dutch objection to the January elections and if the objection continued it would appear to be further evidence of stalling. The Secretary said that we would continue as we had in the past to exert full pressure upon the Dutch to the end that agreement would be reached and an election held. The Secretary said that he was not sure that there was any room for compromise but there was a possibility that a date later than January but earlier than the summer of 1949 might be acceptable so long as it was a definite date and did not depend on Dutch discretion.

Dr. Wang said that unless a settlement was reached soon there was a possibility that the Hatta Government would fall. The Secretary replied that in such a case it was not unlikely that the Dutch would resume hostilities. Dr. Wang said in such event the several thousand Chinese in the Netherlands East Indies would suffer as they had before and it was therefore important to avoid that. The Secretary agreed and pointed out that military action could only be a very temporary solution. Dr. Wang replied that the nationalism in Indonesia was so widespread that there was no possibility of a permanent solution resulting from Dutch military action.

HARDING F. BANCROFT

856d.00/10-848

*The Netherlands Embassy to the Department of State*<sup>1</sup>

On October 1st the Netherlands delegation submitted to the Committee of Good Offices a memorandum concerning the alarming increase of the infiltration of armed Republican bands. This infiltration

<sup>1</sup> Handed by the Netherlands Counselor of Embassy (Helb) to Mr. Nolting on October 8.

has reached such a dangerous scope that it can be qualified at this moment as a strategic movement of an army, taking into account that the number of units, involved in the infiltration amounted to 8000 men on August 31st. Although the Netherlands delegation during the last 6 months has many times protested this infiltration, the Committee of Good Offices did never succeed in bringing about the implementation of the Truce by the Republican authorities; for these reasons the Netherlands delegation is forced to consider the question whether or not the Republic takes the Truce seriously.

The deterioration of the situation has been ascribed by the Netherlands delegation to the following facts:

1) That the Republican units have deliberately been left behind in the so-called Republican pockets, although the Truce provides that *all* Republican forces should be evacuated:

2) that the units, who did evacuate, left behind many weapons and a large amount of ammunition, which were hidden in Netherlands territory;

3) the re-infiltration of the evacuated troops, who after recovering their weapons and ammunition proceeded together with the guerillas and other T.N.I. units to sabotage and terrorisation.

It has definitely been established by evidence, which came into the hands of the Netherlands, that the infiltration action—because it can be qualified as one deliberately planned military operation—has been executed by the General Staff of the Republican armed forces with the wholehearted approval of the Republican Government, whilst the military observers attached to the Republican delegation in Batavia have actively participated in the execution of the action. These facts are borne out by many Republican documents, which have been submitted to the Committee of Good Offices. The Committee of Good Offices in a preliminary reply of October 3rd informed the Netherlands delegation that it wanted to await a report of the senior military advisers before suggesting definite steps.

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501.BC Indonesia/10-748 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia* <sup>1</sup>

SECRET US URGENT

WASHINGTON, October 8, 1948—7 p. m.

481. Usgoc 159. Ref. Gocus 403 and 404 <sup>2</sup> and Hague's 670 <sup>3</sup> rpt. Batavia. Dept realizes pressure you are under and commends your exercise good judgment in circumstances. Fol is our suggested course of action most likely to lead successful negotiations.

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<sup>1</sup> Repeated as 499 to The Hague.

<sup>2</sup> Telegrams 884, October 5, p. 384, and 896, October 8, p. 391.

<sup>3</sup> October 7, p. 390.



You should not submit NethDel proposals in present form without further instructions from Dept. You will note from Hague's 670 that Stikker has invited rewording by you of NethDel's covering letter. You should inform Schuurman that you will do this. Helb has undertaken to get from Hague instructions to Schuurman to accept, or to consider most sympathetically, any restatement by you of conditions precedent which would be "effective and inoffensive to other party and agreeable to Cochran". If Hague so instructs NethDel, we think initial difficulties to resumption of negotiations can be overcome. NethEmb here has emphasized importance to NEI officials and NethDel of truce violations consisting mainly organized infiltrations, and has implied that indication by you to NethDel of serious view taken by you this matter and determination by you and GOC take strong line with Repub re truce violations would have decided effect in softening attitude NethDel. We believe your personal attention this matter would have important and beneficial psychological effect vis-à-vis Dutch.

Dept considers it essential that negotiations be resumed on "basis USDel's proposals", even though major substantive differences remain. Aneta press report dated Oct 7 quoted Repub spokesman as saying, *inter alia*, that "Repub is willing to drop demand that elections must be held first". If this report is authentic, chances successful negotiations greatly enhanced. It therefore seems to Dept all the more important that negotiations not be allowed founder on issues raised as conditions precedent.

View importance AmEmb Hague's confirming to Neth FonOff substance your conversations Schuurman, pls keep Hague informed further developments.

LOVETT

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856e.00/10-848 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*<sup>1</sup>

SECRET

THE HAGUE, October 8, 1948—7 p. m.  
[Received October 8—7:13 p. m.]

680. Negotiations between Dutch Government and non-Republican Indonesians for interim government are reaching climax, and information from Foreign Office, as well as releases to local press, indicate that substantial agreement has been reached on principles, there remaining only question of detail to be settled. Negotiations will apparently terminate this week and full agreement is expected. Subsequent bill re-

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<sup>1</sup> Repeated in telegram 483, October 9, 1 p. m., to Batavia.

garding interim government will be submitted to States General and it is forecast that it will be law in 8 weeks. High ranking Foreign Office officials tell us that proposed government would be "in harmony" with Cochran proposals. It would consist of three Indonesians, 2 seats to be occupied by Federalists and one reserved for Republican nominee. (Further details see Weeka telegram October 8<sup>2</sup>.)

We believe government is pushing negotiations with Federalists as hard as possible in order at least to have trump card of interim government in their pocket if GOC negotiations fail when the Dutch Government could set up structure of interim government under proposed parliamentary bill.

It is, of course, impossible for us to ascertain what Dutch contemplate as next step if GOC negotiations fail. In any event, it seems likely that interim government would be set up and that republics would be invited to join. Should they refuse and should situation deteriorate and threaten to get out of hand, there are indications that the Dutch might take firm measures, even involving police action.

We do not wish to be alarmist, but we sense a feeling of futility and running out of patience here. Dutch officials repeatedly talk to us about the concessions they have made under pressure from us; they say that little pressure has been used on Republicans despite numerous and persistent breaches of *Renville* Agreement; they point out difficult position of government vis-à-vis public opinion here which they assert will not countenance further concessions, particularly when Republicans flagrantly and persistently break armistice; and they maintain that the Dutch approach to this whole problem is frequently misunderstood and their sincerity questioned. We hope and feel, however, that our conversation with Foreign Minister yesterday based on your instruction Deptel 493, October 6, will have at least temporary restraining and steadying influence.

We are unable to get anything specific on possible further police action, but we cannot discount possibility. Several press articles have advocated such a step if negotiations fail, and the Military Attaché says that further troop movements to Indies are taking place to increase the total forces there (in this connection note speech from throne opening Parliament in which it was stated that army would concentrate on Indonesia). Further advocacy of a strong-arm policy was made in press interview today by Admiral Helfrich, who said he resigned October 1 as Commander of Netherlands fleet because of disagreement with government's policy towards Republic. Helfrich stated only way to restore law and order in Indonesia was to "march to Djocja and clean up Republic". In addition, only today Secretary-General Foreign Office told us that lawlessness in Republican territory

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<sup>2</sup> Not printed.

and infiltrations into NEI area has increased to such an extent that Dutch Government takes most serious view. Should further deterioration occur, he said, government, because of its nominal sovereignty and the responsibilities which it cannot avoid, would have to take firm measures to restore law and order.

It may be that our above remarks regarding possible police action are exaggerated or unjust to Dutch Government, but Embassy feels necessary in this summary to draw Department's attention to possible future developments should GOC negotiations fail.

BARUCH

S56d.00/10-848 : Telegram

*The Acting Secretary of State to the Embassy in the Netherlands*<sup>1</sup>

SECRET      NIACT

WASHINGTON, October 9, 1948—1 p. m.

503. Statements FonMin contained ur 674 Oct 8, 4 pm, seem illogical and contradictory. Make early opportunity reiterate position which this Govt has consistently taken and which was clearly set forth in third from last para Deptel 436 to Batavia (Usgoc 145) Sept 20,<sup>2</sup> which summarized memo conversation pouched to you.

I made it transparently clear to FonMin that if Hatta shared Neth fear of Communist success Jan elections and were to agree with Neth such elections undesirable, Cochran would as good officer incorporate in plan any changes agreeable Hatta Neth. Since statements quoted were made by me to FonMin, I will, if matters in connection with Sec arrival permit, call on Neth Amb. In any case matter will be taken up Neth Amb here as well.

Incidentally Dept finds it hard believe Stikker in fact does not understand US Govt position and therefore queries significance his action in view ur 680 Oct. 8, 7 p. m.

LOVETT

<sup>1</sup> Repeated as 484 to Batavia.

<sup>2</sup> Telegrams 436, September 20, and 438, September 21 (Usgoc 145), neither printed, but see footnote 1, p. 347.

S56d.00/10-948 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

SECRET      US URGENT

THE HAGUE, October 9, 1948—7 p. m.

[Received October 9—3:49 p. m.]

682. Saw Foreign Minister this morning and was informed (reference Department's 499, October 8, sent Batavia 481, Usgoc 159) that



instructions have been sent to Schuurman and Van Kleffens that Netherlands Government prepared to receive suggestions from Cochran modifying Netherlands covering letter in any sense he considers essential and that sympathetic consideration would be given thereto.

Reference Netherlands counterproposals (oral notes I and II), Netherlands Government insists these be "sent to Djokja." Secretary General has discussed interpretation this phrase with Embassy officers and our understanding is that it is quite flexible; that Netherlands authorities will probably find acceptable procedure of handling which resulted in Republican authorities seeing these documents either in Djokja or Batavia a few days before discussion in GOC, but not necessarily before they have been asked to submit and have submitted any amendments they may wish to make in Cochran plan.

Netherlands Government insists procedure adopted must also make unequivocally sure that Netherlands document (notes I and II) has status of formal GOC working paper entitled to full consideration in conjunction with Cochran proposals. Embassy believes Cochran may use considerable latitude in handling Netherlands documents provided Netherlands' views outlined are met. Embassy suggests Cochran's recommendations for revision Netherlands covering letter might contain language that would facilitate adoption some such procedure.

Sent Department 682; Department pass Batavia.<sup>1</sup>

BARUCH

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<sup>1</sup> This was done the same day.

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856d.00/10-1048: Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

SECRET

US URGENT

THE HAGUE, October 10, 1948—2 p. m.

[Received October 10—11:17 a. m.]

684. Have seen Foreign Minister as per instruction first paragraph Deptel 503, October 9, and reiterated our government's position as set forth in appropriate paragraph pouched to us of Under Secretary's conversation with Stikker.<sup>1</sup> Foreign Minister had not clearly recalled latter part of Under Secretary's remarks concerning possible agreement on elections. He expressed much satisfaction, and I believe atmosphere clearing here and with Schuurman.

We have strongly and continuously in accordance with Department's guidance and Cochran's suggestion attempted to break down stubborn insistence of Foreign Minister that Netherlands plan be pre-

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<sup>1</sup> September 17, p. 345.

sented to Republican representatives advance of GOC meeting to discuss Cochran's plan. We have repeatedly told Foreign Minister that the Dutch are putting too much emphasis on procedure and that this must not be permitted to balk this urgent business.

Sent Department 684; Department pass Batavia.<sup>2</sup>

BARUCH

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<sup>2</sup> This was done the same day.

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856d.00/10-1048 : Telegram

*The Acting Secretary of State to the Embassy in the Netherlands*<sup>1</sup>

SECRET      US URGENT  
NIACT

WASHINGTON, October 10, 1948—4 p. m.

504. Other matters prevented undersec from discussing subject matter 503 October 9 with Neth Ambassador, but Director FE did so in his stead, making clear Dept's continuing attitude this matter and requesting that Neth FonMin remove misimpression under which Brit FonMin and other Foreign Ministers had been left by him.

Only one new consideration arose in course conversation with Van Kleffens: at close of conversation Van Kleffens made personal appeal, citing difficulties his position, his desire to be helpful and constructive, in face of rising emotions in Dutch official circles both in Netherlands and in NEI as result of increase in violence in Neth territory Indonesia. He argued strongly the political desirability as well as the humanitarian compulsion of Cochran's undertaking to secure from Republic practical guarantees that would have effect of terminating what he regards as a deliberate Republican campaign of murder and deprivation and if possible induce Hatta make speech condemning such activities. Such a speech, in Van Kleffens' view, would have beneficial effect on Dutch political circles in Neth and NEI as well as restraining influence on perpetrators acts of violence.

LOVETT

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<sup>1</sup> Repeated in telegram 486 to Batavia.

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856e.00/10-1048 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*<sup>1</sup>

SECRET      US URGENT

THE HAGUE, October 10, 1948—10 p. m.

687. Aneta story may be official and effort to beat gun and I considered it so important have reiterated to Foreign Office in full our

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<sup>1</sup> Repeated in telegram 493, October 11, 7 p. m. (Usgoc 164), to Batavia.

Government's position this matter and made strong protest this premature publication even this sketchy outline their objection to and knowledge of Cochran plan. I told them I believe this removes any lingering objection they might have had to full acceptance of Cochran's suggestions for reopening discussions. It is my belief, though have no positive assurance, that they will not [*now?*] instruct both Schuurman and Van Kleffens in effect that Cochran, having received their revision of his plan and knowing their objections, may use his entire judgment as to form of procedure, having in mind always the substance of their counterproposals.

BARUCH

501.BC Indonesia/10-1048 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET      US URGENT  
NIACT

BATAVIA, October 10, 1948—10 p. m.

898. Gocus 406. Re Usgoc 159<sup>1</sup> and Hague's 670<sup>2</sup> received 9th. Cognizant confusion in triangular exchange between Hague, Washington and Batavia, I made appointment this morning for personal talk with Schuurman alone at 12:15. I received Hague's 682<sup>3</sup> to Department and Department's Niac to Hague<sup>4</sup> repeated Batavia as 484 just before meeting. Hague's 680 and 684<sup>5</sup> to Department not yet received here.

I told Schuurman I thought time had come for us to have serious and sympathetic talk or our efforts would end disastrously. Said I knew he no more desirous see further bloodshed in Indonesia than I to see closely allied power called before SC. Reviewed events in some detail including my delay in presenting a plan awaiting unfulfilled hope Netherlands thinking would advance helpfully. Reminded him Hague disregard of my recommendation to Netherlands Delegation toward drawing Republic into negotiations with opportunity for entering federation on ground floor and issuing communiqué this effect. Said I drew up and presented US Delegation plan quickly after three visits to Republic convinced me situation more critical than Netherlands Delegation appreciated. Felt Netherlands Government had no intention get settlement before final arrangement with Bandung group and there might be basis for press story attributed official source that

<sup>1</sup> Telegram 481, October 8, p. 396.

<sup>2</sup> October 7, p. 390.

<sup>3</sup> October 9, p. 399.

<sup>4</sup> Telegram 503, October 9, p. 399.

<sup>5</sup> October 8, p. 397, and 10, p. 400.



Netherlands anticipated forcing Republic into federation finally with Netherlands troops loaned federation for this purpose.

Indicated disappointment at Netherlands Delegation reply to US Delegation plan, and outlined how I thought Netherlands Delegation might have responded. Schuurman argued at length on seriousness infiltrations and failure of GOC to help implement truce.

During 11½ hours conversation Schuurman received 2 cables and finally went out consult Stuyt and Riphagen. Then asked me give him memo setting forth my thoughts which am scheduled deliver Schuurman 10 o'clock tonight. I subsequently prepared following memo:

"Reference is made to our conversation of this noon when I gave you my ideas on current situation with respect to resumption political negotiations. You requested memorandum from me setting forth my views with regard to amendments that might be taken into account in reply of your delegation to oral note which I submitted on September 10, as a draft meant for basis of negotiations. You also sought an expression of opinion on my part as to how best we can proceed, and how I feel I can be of assistance. It is a pleasure for me to reproduce herewith the ideas which I set forth orally to you.

I did not deliver your reply of October 4 since I felt it constituted an answer seriously divergent from conception which Department of State had of your prospective answer, as a result of information given Department by Netherlands Embassy in Washington and transmitted by Department to me. I told you that I would delay delivery of your reply to anyone until this and other points could be clarified. I did not criticize the substance of your reply. I feel, however, that its delivery in its present form would lead to prompt refusal by Republic to re-enter negotiations. I am convinced present Republican Government could not, for instance, make announcements required in your covering letter with respect to violations of truce and remain in office. The fall of present Republican Government at this time would be catastrophic.

I suggest your letter of acceptance be limited to:

(1) Stating that you accept the US draft agreement as basis for negotiations;

(2) Including the same general conditions of acceptance as Republic's first letter contained;

(3) Seeking assurances from Republican Government that they will (a) immediately undertake most effective means possible to insure observance of military terms of truce, (b) promptly endeavor likewise to implement the economic terms of truce, and (c) continue to ultimate success campaign against Communist uprising;

(4) Retaining in your letter compromise arrangements which you propose for meeting conditions stipulated in second letter of acceptance on part of the Republic; and

(5) Stressing urgency of achieving successfully negotiated agreement within minimum period of time, without definite specification as to time limit.

I shall be glad to deliver such a letter to Prime Minister of Republic as early as possible after its receipt. I undertake at same time to intercede with Government of Republic toward achieving as quickly and as effectively as possible the carrying out of undertakings mentioned in paragraph (3) above. As explained to you, I would endeavor to convince Republic that negotiations would be difficult of completion in present conditions and that the Republic should take every measure at its disposal to calm sentiment on part of Republican sympathizers and to restrain anyone under Republic's influence or authority from acting in such manner as to disturb relations or contribute to unrest. I would indicate to Republic my idea that they have chosen wisely in endeavoring to put down Communist uprising. I cannot agree with idea that it would be effective or wise to ask Republic to outlaw communism. The government is obviously doing its best to put down uprising. Question arises whether outlawing communism is most effective measure to be followed anywhere.

I indicated to you that as early as September 10, I was aware of reports of increased violations of truce. Consequently, on that date I introduced a proposal at a meeting of the GOC that our military assistants recommend to committee methods for improving implementation of truce. Some material has already been received from our military assistants. This material indicates that military assistants feel that truce cannot in any circumstances operate effectively for such a prolonged period as that for which present one has been in force, and that best manner in which to revive respect for remaining duration of truce is to resume political negotiations and expedite consummation of a just agreement. Consequently, I undertake to endeavor to have GOC press forward as actively as possible in seeking better implementation of truce. My delegation has already taken initiative in drawing up draft appeal toward this end, which I plan to present to committee in near future.

It was my thought that your reply should consist of 1 letter only, and that all annexes and inclosures should be eliminated. I do not wish to be understood as proposing that your oral notes I and II be eliminated unless it is your intention actually to enter into negotiations on basis of plan set forth in our oral note of September 10. As member of GOC, it is, of course, our earnest hope that negotiations be resumed. Candour, however, would not permit us to recommend that verbal devices be adopted to cause one party to enter into negotiations on basis of my proposals, if it appears clear that in fact there are to be

no negotiations on such a basis. It is my personal opinion that the changes proposed in your oral notes I and II negate the very basic pattern set forth in my proposals. If your oral notes I and II are attached to your note of acceptance of our proposals, we believe that Republic's acceptance of what in effect are counterproposals, as a basis of negotiation, is extremely unlikely. I have urged that basic position set forth in your oral notes I and II be abandoned on ground that such a position could be regarded as being inconsonant with substance of US proposals. If, however, basic position set forth in your oral notes I and II has not or cannot be altered, then I cannot honorably or reasonably request you to remove oral notes I and II from your reply to my proposals. Your annexes, with respect to alleged violations of truce by Republic would, in my opinion, only prove inflammatory at this point.

My suggestion is that you reserve the presentation of any material, other than the reply indicated above, until the two parties may be in negotiation. I cannot specify exactly the procedure which would then be followed, since this would be committee decision, but I have worked on assumption that the two parties would be invited to submit in writing, and in article form, their ideas with respect to plan of US representative, and as to any amendments therein, which they desire.

Even though there may be important differences between two parties as to substance of plan, I am still optimistic that if the two parties accept, in good faith, to negotiate on basis of US proposals, and carry on these negotiations in a spirit of fairness and justice, an honorable agreement can be reached within a reasonable period of time. It will be my duty to endeavor in every proper way to facilitate the negotiations and to bring them to an early end." Signed Cochran.

Sent Department; Department pass to The Hague.<sup>6</sup>

LIVENGOOD.

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<sup>6</sup> This was done the same day.

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501.BC Indonesia/10-1148: Telegram

*The Acting Secretary of State to the Consulate General at Batavia* <sup>1</sup>:

SECRET

WASHINGTON, October 11, 1948—7 p. m.

490. Usgoc 161. Re Hague's 674, 679 and 684.<sup>2</sup> On his initiative Van Kleffens called upon Butterworth and directed his remarks to reported misunderstanding by Neth FonMin re US position concerning possible agreement between Neth and Repub for postponement elections. Referring conversation on same subj Oct 9 Van Kleffens,

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<sup>1</sup> Repeated as 507 to The Hague and as 3916 to London.

<sup>2</sup> October 8, p. 393; not printed; and 10, p. 400, respectively.



dismissed again possibility that there could have been any lack of clarity in position represented by Dept officers to Stikker on occasion of latter's visit. Van Kleffens emphasized forthrightness and integrity Neth FonMin and stated that press report contained Hague's 686 Oct 10<sup>3</sup> was result attempt Neth FonMin to correct garbled report contained London *Times*. Dept officials again made clear Dept's position re acceptability arrangements mutually agreed upon by both parties.

In course conversation Van Kleffens praised Cochran's equanimity and judgment. He stated that he would seek from Neth FonMin complete background of misunderstanding in order get "clean slate" in this matter.

Van Kleffens was handed copy memo handed by Cochran to Schuurman Oct 10.<sup>4</sup> Van Kleffens expressed great satisfaction that Cochran had made this further contribution to resumption negotiations but did not comment on substance memo which he did not have time to read before leaving Dept. As for Aneta despatch quoted Hague's 686, copy of which was provided Van Kleffens, Butterworth pointed out that whatever the reasons for its issuance, subj matter was more than circumstances would seem to have required.

LOVETT

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<sup>3</sup> Not printed.

<sup>4</sup> See telegram 898, October 10.

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501.BC Indonesia/10-1148: Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

SECRET

WASHINGTON, October 11, 1948—7 p. m.

491. Usgoc 162. Counselor US Emb Hague has begun conversations with Dept officers Oct 11 concerning Neth position Indonesia. Neth Govt gave him for delivery Dept elaborate documentation showing alleged alarming increase truce violations, infiltration, acts of violence including murder, in territory controlled by Neth and purporting to show that principal successes Repub Govt against Communists have been achieved by Tan Malakka division Trotskyite Communists not regular Repub troops. Counselor states Neth Govt on several occasions recent weeks has intimated deterioration situation cannot be allowed continue and expresses his opinion that recent increase acts violence and subversive activities may be used by Neth as

justification for such action as Neth may feel necessary in premises. He does not exclude possibility of military action Indonesia including Repub territory where Neth feels it has responsibilities of sovereign for maintenance law and order.

Connseor gives as his considered opinion that Neth Govt sincerely desires negotiated settlement with Repub to any other course of action but that too severe strain imposed on present coalition cabinet to make concessions vis-à-vis elections etc. may result in its collapse which, he believes, would be followed by one of more rightist tendency.

When queried Connseor said he believed that Neth Govt realized necessity reaching arrangement with Hatta and that those Dutch policies which are weakening Hatta are probably vestigial in character and do not reflect any basic desire Neth Govt to weaken or destroy Hatta. He believes Neth pursuit interim govt via Bandung states is not inconsistent with and possibly complementary to efforts before GOC but that in any case Neth wishes to have Bandung federation system to fall back on should GOC negotiations not produce satisfactory and reasonably prompt results.

Connseor believes Neth position on not holding elections prior to formation interim govt as provided in Cochran plan is based on strong convictions that growing disorder and terror make such elections meaningless and even dangerous. However, he believes Neth might entertain compromise solution along some such lines as following: establishment as soon as possible constituent assembly, composed of members who will be chosen by present authorities in territories where elections are not now possible and of elected members where elections are possible. GOC would decide where elections are possible and provide facilities for those elections regency by regency as soon as conditions permit. In this manner constituent assembly originally composed for the most part of members appointed by the constituent states will be replaced by members elected under conditions which GOC certifies as suitable. Connseor offers this proposal as his own idea and wishes it clear that it does not originate with Neth Fonoff although conversations with Dutch officials outside Fonoff have led him to believe that some such compromise might be feasible.

Above info is merely passed on to you in pursuance Dept's policy of ensuring that you receive all info it obtains from authoritative sources.

LOVETT

501.BC Indonesia/10-1248: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET US URGENT

BATAVIA, October 12, 1948—5 p. m.

NIACT

[Received October 12—8:44 a. m.]

905. Gocus 407. GOCUS secretariat delivered USDel 3:45 p. m., October 12, copy following cablegram dated October 11, from RepDel Jogja to GOC:

“Have instructed Palar to bring situation report soonest possible before Security Council. This report was prepared during the early part of September. Since that time no improvement has taken place. On the contrary the situation has grown steadily worse. Meanwhile the Repub Government has for the second time accepted as a basis for discussion proposals which might lead to a fair and reasonable settlement in conformity with the *Renville* Agreement. It was hoped that the Netherlands Government would do likewise so that discussions between the parties might be resumed under auspices of the GOC. Unfortunately these hopes have not been fulfilled and the Repub Government has to conclude that the Netherlands Government has no intention of seeking a settlement on the basis of the *Renville* Agreement. The Repub Government therefore feels that it has no option but to bring the situation to the attention of the Security Council without further delay.”

GOC meeting at 4 p. m. today to discuss GOC report to Security Council. Further cablegram will follow. Signed Cochran.

Sent Department; Department pass The Hague.<sup>2</sup>

LIVENGOOD

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<sup>1</sup> Repeated in telegram Gadel 180, October 12, 1 p. m., to Paris.

<sup>2</sup> This was done the same day.

501.BC Indonesia/10-748: Telegram

*The Acting Secretary of State to the Consulate General at Batavia*<sup>1</sup>

SECRET

WASHINGTON, October 12, 1948—7 p. m.

496. Usgoc 165. Fox, Soemitro and Zimmerman (Neth Trade Commissioner) met with Dept officers Oct 7 for discussion transaction described Usgoc 158 Oct 7. Zimmerman expressing opinion transaction would be agreeable his Govt undertook secure final commitment NEI authorities. Soemitro stated he was authorized commit his Govt without further instructions. Fox agreed remove American-Indonesian Corp from transaction to end that deal is between Soemitro and his

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<sup>1</sup> Repeated as 513 to The Hague.



principals on one hand and Neth authorities on other. Fox stated however it would be necessary for him continue advise Soemitro in matters of procurement and in operations requisite paying for textiles. This was agreeable Dept officers. They emphasized Dept's position this matter result its desire Hatta receive consumer goods this character to enable him continue fight against Communists.

In course conversation Zimmerman, stating he assumed speed was essential in this matter, asked Soemitro if Repub Govt would buy textiles from Neth in Indonesia with understanding textiles purchased by Repub in US could replace Neth textiles so advanced. Soemitro replied he thought Hatta could not risk criticism which such transaction might involve but he would ask his Govt for further instructions this matter. Zimmerman said he would determine whether his Govt could engage in such transaction.

LOVETT

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501.BC Indonesia/10-1248 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

SECRET US URGENT

WASHINGTON, October 12, 1948—8 p. m.

497. Usgoc 166. Upon receipt Gocus 407 Oct 12 UndSec requested to see Neth Charge.<sup>1</sup> UndSec read to Reuchlin and Helb telegram from RepDel to GOC re instructions to Palar. UndSec explained his desire prevent any possible misunderstanding on part Neth Govt re consequences SC debate this subject and US position therein. He stated that record would show greater disposition on part Repub than on part Neth to accept proposals presented by USDel and backed by US Govt. He read points 1 through 5 Cochran's memo to Schuurman Oct 10 and stated Dept considered Cochran's suggestions altogether sound, reasonable and realistic. He stated there might still be time, if Neth prepared act promptly, to prevent short-circuiting GOC negotiations by reference whole question to SC. He said US prepared through its delegation USUN Paris seek secure delay presentation case by Repub provided Neth for its part act promptly in accordance with suggestions contained Cochran's memo to Schuurman.

Neth Reps opined Neth Govt could not take action promptly enough forestall Palar's carrying out instructions, implying that Neth cabinet action would be slowed rather than accelerated by what it would regard as threat, which threat Neth prepared to meet in SC. Neth reps then suggested that Cochran might be able take some action vis-à-vis Repub designed gain short breathing spell during which Neth Govt could come to decision re suggestions made in Cochran's memo.

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<sup>1</sup> Jonkheer Otto Reuchlin, Netherlands Minister.

UndSec agreed request Cochran approach Hatta on following basis. View fact Cochran's suggestions to Schuurman were presented Oct 10, and view fact these suggestions might pave way for resumption negotiations with prospect successful conclusion, Repub requested delay submission case to SC for 48 hours, in hope NethDel might receive instructions proceed with negotiations on satisfactory basis.

In your discretion you may approach Hatta along line suggested above in attempt gain delay. USUN will be requested attempt delay Paris.<sup>2</sup>

View possible repercussions SC resulting from withholding Neth reply by USDel, you may consider wisest course is transmission Neth counterproposals to Repub and GOC this time along with USDel's plan. In such case, you are authorized do so explaining to Repub reasons for having withheld. This removes instruction para 2 Usgoc 159.<sup>3</sup>

LOVETT

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<sup>2</sup> Telegram Gadel 186, October 12, 8 p. m., to Paris, not printed. The Security Council moved to Paris during the period of the meeting at Paris of the Third Regular Session of the General Assembly, September–December.

<sup>3</sup> Telegram 481, October 8, p. 396.

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501.BC Indonesia/10-1248 : Telegram

*The Acting Secretary of State to the Embassy in the Netherlands*

SECRET      US URGENT      WASHINGTON, October 12, 1948—8 p. m.

514. Following despatched Rusk GADel Paris: [Here follows text of telegram Gadel 186, October 12, 8 p. m., to Paris, not printed, but see footnote 2, *supra*.]

Please impress upon FonMin as soon as possible:

(a) That Dept recommendation to USDel Paris made in expectation of early receipt by Cochran from Neth letter of acceptance prepared in accordance suggestions 3rd para Cochran's memorandum to Schuurman Oct 10.

(b) That when discussions in SC touch upon Cochran plan USDel will support Cochran plan in discussion.

(c) That Cochran having successfully restrained Repub action SC for nearly fortnight on grounds that Neth acceptance of Cochran plan as basis negotiation was forthcoming, Cochran may find it impossible to take further action with Repub on SC activities.

Inform FonMin further that Dept for its part believes suggestions incorporated Cochran's memorandum Oct 10 to Schuurman entirely reasonable; that it cannot understand Neth determination to attach counterproposals (oral notes I and II) to letter of acceptance since

Cochran plan is to be accepted only as basis of negotiations and both sides may bring forward any reasonable amendments at that time.

FonMin may protest that Repub is in effect forcing Neth action by ultimatum threatening SC action. If he does so you should say that Dept recognizes that either party could resort to SC at any time they thought it advantageous, that resort to SC is merely one of several pressures which either side might apply to other, that in any case objective which all parties concerned should keep foremost in mind is the resumption of negotiations whether they be brought about through pressure applied by Repub on Neth through SC action or whether as a result Neth pressure on Repub through formation Bandung federation, trade regulations, etc.

For your info Dept is impatient with Neth delay in this matter. Dept believes unreasonably heavy weather being made over mere acceptance of Cochran plan as basis, and only basis of negotiations. Obviously conditions precedent demanded by both Repub and Neth can be resolved. The only serious obstacle remaining relates to Neth insistence on attaching counterproposals to letter of acceptance. It does not seem to Dept that Neth will take pride in days to come in having delayed resumption negotiations on this ridiculous procedural matter.

LOVETT

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501.BC Indonesia/10-1248 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET      NIACT

BATAVIA, October 12, 1948—10 p. m.

[Received October 12—12:17 p. m.]

906. Gocus 408. Reference Gocus 407,<sup>2</sup> GOC sending following cablegram 12th to SC president Paris:

“GOC has honor state it has been informed that Repub delegation intends to present special report to SC. GOC is presently proceeding with the drafting of its fourth interim report which will be submitted in near future and will comment on topics included in Repub report. If submission of fourth interim report should be delayed GOC will comment on Repub report”.

GOC decided fourth interim report will include following 3 sections:

(1) Progress in political negotiations (to include chronological outline of developments since third interim report and summary of informal negotiations undertaken since September 10 by Cochran).

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<sup>1</sup> Repeated in telegram Gadel 183, October 12, 7 p. m., to Paris (for Rusk and Bancroft).

<sup>2</sup> Telegram 905, October 12, p. 408.



(2) Implementation of truce agreement (to include summary of military situation and recent Netherlands allegations re large-scale infringements in form infiltrations).

(3) Other recent developments (to include report of actions taken by GOC with respect incidents mentioned Repub special report summarized Gocus 375, September 15).

Parts of section (1) dealing with informal negotiations cannot be drafted until events make them part of formal GOC record. At beginning of next week GOC will consider whether separate comments on Repub special report should be immediately submitted SC if by then still impossible to complete all parts of section (1) of interim report. Stuyt visited USDel 6 p. m. Stated my memo (Gocus 406<sup>3</sup>) cabled Hague night October 10. No reply yet received. Signed Cochran.

Department pass to The Hague.<sup>4</sup>

LIVENGOOD

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<sup>3</sup> Telegram 898, October 10, p. 402.

<sup>4</sup> This was done on October 14.

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501.BC Indonesia/10-1348: Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

CONFIDENTIAL

WASHINGTON, October 13, 1948—noon.

500. Usgoc 167. Dept informed by William Hunt Co. it has contracted deliver to Maramis<sup>1</sup> Indonesian Republican banknotes; that banknotes to be engraved by Security Banknote Co. Dept told Hunt Neth regards circulation Repub currency as derogation Neth sovereignty, that GOC regards unification currency throughout Indonesia as major objective in present negotiations and that when USI formed, USI currency will presumably be required and not currency present parties to dispute. Hunt replied he will delay transaction and contract includes "escape clause" providing contract invalid if Dept raises objections. Advise whether you wish Dept take further steps with Hunt or Security Banknote.

LOVETT

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<sup>1</sup> Dr. A. A. Maramis, Indonesian Republic Minister of Finance.

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501.BC Indonesia/10-1348: Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

SECRET

US URGENT

WASHINGTON, October 13, 1948—2 p. m.

NIACT

501. Usgoc 168. Neth Amb and Counselor sought out Dept officer night Oct 12, informed him that Stikker had described by telephone

to Neth Amb reply to Cochran's memorandum which Schuurman would be instructed to deliver to Cochran and which by now you have presumably received. Van Kleffens said it was his understanding that reply embodied suggestions 1, 2 and 3 Cochran's memorandum. As for attaching Neth counterproposals to letter acceptance, following 2 sentences were operative: (1) Neth Govt, however, wishes to leave it to Cochran to decide in what manner these objections to US oral note will be brought to notice of Repub; and (2) Neth Govt desires that Neth oral note be despatched together with US oral note and that Neth Govt before resumption negotiations receive confirmation of fact that US oral note together with Neth oral note will be discussed simultaneously before GOC. Neth Amb and Counselor emphasizing their overwhelming desire to get negotiations under way and their recognition of extreme shortness time in which Cochran obliged to act, suggested to Dept officer possibility of pointing out to Cochran by telephone if possible that, whatever intentions of Neth Govt might be or whatever interpretation Schuurman might make, above sentences could be interpreted by Cochran to his advantage; for example, Cochran could, acting under 2nd sentence, allow Neth to present their counterproposals 1 minute after presentation Cochran proposals to GOC; also in 2nd sentence it is not specified to whom Cochran would "despatch" Neth oral note, that is, to Repub or to GOC, so that in fact Cochran would be able to interpret sentence 2 as permitting him to despatch Neth letter acceptance to Repub withholding Neth counterproposals to present GOC. As for sentence 1 it was suggested that Cochran might advise Repub that he had accepted Neth letter acceptance "copy enclosed" and had agreed to Neth offering counterproposals immediately after presentation Cochran plan to GOC and of course extending same privilege to Repub.

Dept officer of course avoided expressing definite opinion as to desirability passing on this suggestion to Cochran. He told Neth Amb and Counselor that he realized risk they were assuming as well as risk they were suggesting he assume but felt bound to point out that were Cochran to act upon suggested course Cochran would run risk of relying heavily on van Kleffens' ability to support Cochran's interpretation when the pinch came. Neth Amb said he realized that this was true. In ensuing conversation it became clear that Neth Amb and Counselor have been pressing Neth Govt to adopt more cooperative attitude toward acceptance Cochran plan and are no doubt at present engaged in nothing less than battle with difficult elements Batavia and Hague.

Dept convinced Neth Amb and Counselor good faith and considers van Kleffens' ability to win a matter of even odds. Dept feels it cannot and should not recommend that you accept or reject foregoing

suggestion but merely passes it on to you for such disposition as you believe it deserves.

LOVETT

501.BC Indonesia/10-1348 : Telegram

*The Secretary of State to the Acting Secretary of State*

TOP SECRET

PARIS, October 13, 1948—4 p. m.

Delga 310. Following is text of important memorandum of conversation between Hayden Raynor<sup>1</sup> and Van Roijen<sup>2</sup> (Netherlands) on Indonesia. Department should note that Van Roijen stated basis of conversation was personal and not official. Text follows:

"During conversation on other matters, Van Roijen brought up subject of Indonesia and expressed deep concern his government over Cochran plan. He stated that all parties in Netherlands, and all shades Dutch opinion in Indonesia itself, felt that Cochran plan would lead to utter chaos and Communism. He said that even Socialists in Netherlands held this view and, in fact, everyone held it except Communists.

Two points which, according Van Roijen, seem bother Dutch most are: (1) Immediate elections, which he feels are entirely impracticable, and that there must be, at minimum, period stability 6 months preceding elections; (2) Negotiating or putting plan into effect while armistice being violated. Violations have increased from some 50 a week to over 250 a week. He thought that condition that armistice should be observed before negotiations continued was very reasonable one. He expressed Dutch view that Hatta Government is not against Communism, in fact, is pretty close to it itself. He does not believe, therefore, that this group taking over control at this time would have any effect ending Communism. He said he did not think present Dutch Government, or any Dutch Government, could accept Cochran plan in its present form.

I told Van Roijen I was not familiar enough with Cochran plan, or negotiations, to argue with him in detail on points he made. I stated, however, that I knew my government felt Cochran plan was reasonable and should be accepted by both parties. We felt that present conditions of increasing Communism redoubled necessity reaching early settlement, which I understood was keystone of plan. I also stressed desirability immediate resumption negotiations. I said I hoped any conditions which Dutch might attach were seriously valid ones because we felt so strongly their position would be misunderstood if they delayed resumption negotiations on trivialities or technicalities.

Van Roijen made point several times that to Dutch Cochran plan seemed like appeasement, as he put it, a reward for obstreperous behavior on part of Indonesians. He said they did not like negotiate on such basis. He made special point that he was talking personally and

<sup>1</sup> Special Assistant to the Director of the Office of European Affairs (Hickerson), attending the UN GA meetings in Paris.

<sup>2</sup> Dr. J. H. van Roijen, second-ranking member of the Netherlands delegation to the General Assembly.



off the record because he knew me and realized that I knew he was giving me his own honest opinions. He did ask me, however, to call this to attention Senator Austin or Jessup, depending upon which one might handle Indonesian question if it comes before SC, which he thinks is fair probability.

Van Roijen told me in greatest confidence, and made it clear he was not saying it with intention it would seem like a threat, that if things did not take turn for better, Dutch were considering withdrawing from Indonesia. He said this had been discussed more than once in the Cabinet on basis of whether would be better make a voluntary withdrawal, such as British made in Palestine, or make withdrawal called for by international sanctions. He said that latter was considered because if Dutch withdrew there would be great number loyal Indonesians butchered and, in a sense, their blood would be on their hands if they withdrew voluntarily.

Van Roijen has always been moderate insofar as Netherlander can on this question, and seriousness with which he spoke, and evident concern he has about present situation impressed me".

MARSHALL

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501.BC Indonesia/10-1348 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

SECRET

THE HAGUE, October 13, 1948—4 p. m.

MOST IMMEDIATE NIACT

697. Foreign Minister left Cabinet meeting to receive me immediately arrival Deptel 514, October 12, having already received cable from Washington. I impressed on Foreign Minister as strongly as possible instructions contained in paragraph *a*, contents paragraphs *b* and *c* and urged that time was of the essence, repeating insistently that they should not delay resumption negotiations by a purely procedural matter. Minister replied that Cochran's memo to Schuurman dated October 10 had been received here Monday 3 p. m. and Cabinet meeting held to discuss same, that a reply thereto containing certain amendments to Cochran's suggestions had been despatched to Batavia for transmittal to Cochran subject to Batavia's agreement; that immediately upon Batavia's agreement they could be transmitted to Cochran, to Van Kleffens and to me. (Reply to Batavia made prior receipt news that Palar had taken SC action. Stikker made quite a point of this chronological order.)

He stressed again the fact that they could not consider this matter entirely procedural because both from his Embassy in Washington and from me and again this morning he had heard repeatedly that if the matter were brought before SC and the Cochran plan were discussed, our delegates would support Cochran plan in its entirety. This

he opined brought their proposals out of the class of procedure and made it important for them to make the proposals to Cochran which they have made through Batavia.

In reply to this, I made full use and emphasis of your comments beginning "Foreign Minister may protest" and ending "trade regulations, et cetera" which immediately follow your instructions to me.

It is evident to me that Netherlands Government knows the course outlined by US Government is the only one open to them but they are stubbornly insistent on the form rather than substance which is as incomprehensible to me as it is to Department. Personally, I cannot but feel that they do understand and appreciate our position and that personally Stikker is doing his utmost to bring his Government's position in accord with ours.

I am beginning to feel, however, that their apparent success in the Bandoeng negotiations may have gone to their heads a little and colored their attitude towards this whole discussion in spite of the conciliatory and reasonable attitude of our GOC member.

Sent Department; Department pass Batavia.<sup>1</sup>

BARUCH

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<sup>1</sup> This was done the same day.

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501.BC Indonesia/10-1348 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET      NIACT

BATAVIA, October 13, 1948—midnight.

908. Gocus 409. General Spoor called on me unannounced 7 p. m. tonight. He stated I should know he considered situation very serious. Said 10,000 men infiltrated from Republican territory, incidents reached high figure; his men in position; he may have to make a "sweep". Said he would volunteer to appear before GOC and explain military situation to us as he said he had on one previous occasion before I arrived. He sought my opinion on this. He said that after talk with me, he would consult Schuurman on proposal of appearing before GOC.

I asked General Spoor if he were not already familiar with present situation of my negotiations and referred particularly to conversation with Schuurman Monday. Spoor said he had seen my memo and had general details. I told him I was naturally awaiting reaction of Netherlands delegation to this memo which Schuurman had requested of me. I said I had nothing directly from Hague, but indication through Washington that my approach appreciated by Ambassador

Van Kleffens. I said there was nothing I could do until I received reply. I hoped this would be in such tone it could be helpful in bringing parties into negotiations. Said I was ready go Jogja soon as message came and would use all influence I may possess with Republic to get them into negotiations. I pointed out that my chance for effective action declines as time passes and as concern of Republic over outlook increases. I described inestimable damage to prospects of negotiations that results from publication in Netherlands of information with respect to US Delegation proposal and Netherlands Delegation reply that could come only from official sources. I hoped I could allay some suspicions and fears of Republic if I could go there shortly with Netherlands Delegation reply that might indicate sincere desire of Netherlands really to negotiate.

Spoor picture[d] difficulties of negotiations in present atmosphere. I said I had presented my plan (September 10) when atmosphere was considerably better and I thought best deterrent to further deterioration would be early and honest resumption negotiations. When Spoor again mentioned his appearing before GOC, I told him I could understand how this might be helpful at later date, possibly coincidental with resumption negotiations. I said we had contemplated making general GOC appeal at that time for better implementation of truce, etc. I feared, however, if GOC now held special meeting for him to appear and describe military situation, press would play this up and impression be created this was notice that police action would start. Spoor explained meticulously that he did not mean police action when he said "sweep" but simply military action within Netherlands controlled territory. I adhered to original argument that talk of sweep and appearance before special GOC meeting would add to concern and hurt rather than help chance for negotiations. Spoor said he would see Schuurman. I asked him please explain my position to Schuurman and indicate I was available if Schuurman desired consult me. I asked point be stressed that I hoped for early Netherlands Delegation reply. I have impression Spoor called on Belgian Delegation and I know Netherlands Delegation in touch with Belgian Delegation tonight.

Not having heard from Schuurman I telephoned him 9:45 tonight. I said General Spoor called; I had explained my position and asked him tell this to Schuurman. Latter replied General had already done this. He said he had some cables and hoped he "could do something" for me tomorrow. He promised let me hear soonest.

Critchley called during afternoon stressing uneasiness Republicans. He advanced idea of their sending Sjahrir or other qualified spokes-



man Paris promptly to help with their cause. I said I thought everything should wait outcome next few days events here. Signed Cochran.

Sent Department 908; Department pass The Hague.<sup>1</sup>

LIVENGOOD

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<sup>1</sup> This was done the same day.

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501.BC Indonesia/10-1448: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET      US URGENT

BATAVIA, October 14, 1948—10 p. m.

913. Gocus 411. Schuurman received me October 14, 6 p. m. I told him of my intervention with Hatta toward delaying RepDel report to SC as reported Gocus 410.<sup>2</sup> Schuurman handed me annexed NethDel reply to USDel plan. Reply consists of official letter 2359 dated October 14 accompanied by oral notes I and II, as originally submitted with initial covering letter of October 4 and enclosure consisting of underlined copy of USDel draft (Gocus 402<sup>3</sup>). Second part of reply consists of letter 2361 dated October 14 of personal character to me to which are attached annexes with respect to truce violations which also accompanied letter October 4.

I glanced through both covering letters briefly. I told Schuurman I would read them over more carefully this evening with my associates and we would get in touch with his assistants if we required any explanation. I said I would proceed Jogja tomorrow to deliver official letter and its enclosures to Hatta and await his reaction thereto. I hoped my presence might be helpful.

Without passing on substance of letters I told Schuurman they were obviously more easily handled than original communication and I thanked him for his help. I pointed out, however, chance of difficulty with numbered paragraph 5 of letter 2359 if Netherlands wished be unreasonable. He assured me Netherlands would be fair on this point. I promised do everything I could to achieve some progress thereunder.

With reference to paragraph 8 I noted that I was not requested, as I had been in original letter, to present copies of NethDel reply to RepDel and USDel. Schuurman said he preferred this be kept between NethDel, USDel and Republic until it had been established that nego-

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<sup>1</sup> Repeated in telegram Gadel 220, October 15, 6 p. m., to Paris (for Rusk and Bancroft).

<sup>2</sup> Telegram 911, October 14, not printed; it reported carrying out the Department's instructions in telegram 497, October 12, p. 409.

<sup>3</sup> Telegrams 874-879, October 5, p. 384. Texts were transmitted in despatch 552, October 16, from Batavia, not printed; but see SC, 3rd yr., Suppl. (Dec.), p. 169.

tiations will be resumed. Documents would then be filed with GOC. Referring final paragraph letter 2361 Schuurman agreed leave my discretion date of submitting annexes to GOC.

There follows text official letter 2539 [2359] addressed Cochran signed Schuurman:

[Here follows text printed in SC, 3rd yr., Suppl. (Dec.), page 169.]

Signed Cochran.

LIVENGOOD

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501.BC Indonesia/10-1548 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET US URGENT

BATAVIA, October 15, 1948—noon.

919. Gocus 413. Following is text letter dated October 14 addressed Roem signed Cochran which I intend hand Republic today:

"With reference to your letter No. 19/E/IV dated September 20 and your letter No. 20/K/IV dated September 20, I have honor inform you of following.

By a letter dated September 21 I transmitted to the representative of Australia and to the representative of Belgium on the GOC copies of your two letters for their confidential information.

By a letter dated September 22 I transmitted copies of your two letters to the vice chairman Netherlands Delegation for confidential consideration. In this letter I stated that the US Delegation would await a response from Netherlands Delegation as to whether it was prepared to resume negotiations under auspices GOC on the basis set forth in US oral note of September 10.

I received an initial response from Netherlands Delegation on October 4. There were, however, in my opinion a number of points which required clarification. For this reason, I delayed transmitting the Netherlands response to you until the points which required clarification had been settled.

I enclose a copy of Netherlands response to the US oral note as set forth in a letter (No. 2359) to me dated October 14 from the vice chairman of the Netherlands Delegation.<sup>1</sup>

I shall now await a response from the Republican Delegation as to whether, in light of the views set forth in the above letter from the vice chairman of the Netherlands Delegation, you are prepared to reaffirm your readiness to resume negotiations."

Signed Cochran.

LIVENGOOD

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<sup>1</sup> See *supra*.

501.BC Indonesia/10-1548 : Telegram

*The Secretary of State to the Acting Secretary of State*<sup>1</sup>

SECRET URGENT

PARIS, October 15, 1948—7 p. m.  
[Received October 16—1:18 a. m.]

Delga 343. GADel approached Palar regarding Department's Gadel 186 October 12<sup>2</sup> and requested delay of presentation Republican report to SC. He confirmed information already given us by Boon of NethDel that he had received instructions to submit report to SC and had cabled for new instructions. He has agreed not to submit report before October 18 or before previous notice to GADel. We agreed to confer further with him on October 18. He will then like to know US view on 3-week time limit given Republic to accept or reject Dutch amendments to Cochran plan, and also how negotiations for textiles and food for Republic are progressing. He stressed precarious nature his government which might fall in few weeks without such help. He considers USSR astute in not attacking Republic in SC and states it has approached him. Their tactic is first to get Dutch out and then introduce Communism into Indonesia.

Re Batavia No. 905<sup>3</sup> to Department and GADel classified summary No. 23. Protitch of Secretariat has agreed not to circulate before October 18 telegram from Chairman of GOC that Republic planning to submit own report to SC. Should Republic then agree not to submit its case to SC, telegram will not be documented but Protitch would need such assurance if he is not to proceed on October 18.

MARSHALL

<sup>1</sup> Repeated in telegram 514, October 16, 3 p. m., to Batavia.<sup>2</sup> See telegram 497, October 12, p. 409, and footnote 2.<sup>3</sup> October 12, p. 408.

501.BC Indonesia/10-1448 : Telegram

*The Acting Secretary of State to the Embassy in France*<sup>1</sup>

SECRET US URGENT

WASHINGTON, October 16, 1948—3 p. m.

Gadel 227. Following is Gocus 411 Oct. 14. [Here follows text of telegram 913, October 14, from Batavia, page 418.] Dept believes Neth explanation 3-week time provision (Para 6, Schuurman's letter to Cochran, foregoing telegram) reasonable and suggest you convey text to Palar (Delga 343 Oct 15). Cochran now at Jogja to present Neth letter accepting US Plan basis negotiations and had previously requested Hatta instruct Palar suspend presentation Rep report to SC. Dept will request Cochran report direct GADel Paris. Suggest you

<sup>1</sup> Repeated in telegram 514, October 16, 3 p. m., to Batavia.



ask Protitch not circulate GOC telegram until receipt Cochran's report by you.

Dept has informed Neth Emb Wash and Sumitro that it raises no objection to shipment by Sumitro to Rep 12½ million yds textiles from US. Neth requested pass shipments expeditiously through patrols and waive provisions Regulations requiring balance values between in and out shipments. Neth Emb, believing transaction possible, has requested definite instructions Batavia. Sumitro agrees submit Neth inspection arms, ammunition and contraband.

Dept urgently exploring means sending medicinal supplies Rep same basis. Supply yet undiscovered.

LOVETT

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S56d.01/10-1648 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

THE HAGUE, October 16, 1948.

709. Press announces submission Second Chamber last night draft emergency bill enabling early establishment interim Indonesian Government. Bill called compromise between haste of Indonesian Federalists who have completed negotiations with Dutch and "go slow" policy Dutch promised GOC they would pursue regarding Republic's reaction to agreement with Federalists. Announcement notes it is stipulated proposed emergency measures, made to meet Federalist demands for despatch, would automatically expire July 1, 1949. This would still give Republic chance to join before full-scale bill now advanced stage preparation but which will take much longer, if ratified States General. New bill makes agreement with Federalists on interim government by January 1, 1949 possible, as was originally visualized. This would have been impossible with full-scale bill now before Chamber, announcement declares.

Results discussions with Indonesian Federalists made available to members Parliament confidentially last night.

BARUCH

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501.BC Indonesia/10-1948 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET

BATAVIA, October 19, 1948—10 p. m.

927. Gocus 415. I am sending this message from Jogja October 19, 3 p. m. by GOC plane pilot for filing Batavia.

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<sup>1</sup> Repeated in telegrams Gadel 259, October 21, 5 p. m., to Paris and 540, October 21, 7 p. m., to The Hague.

Being better built for push through center than end run, I did not accept Van Kleffens' signal (Usgoc 168<sup>2</sup>) but presented directly Hatta 12 noon October 15 Netherlands delegation letter October 14 number 2359 with oral notes I and II. After discussing this half-hour with Hatta, I went over it in turn that and following day with Darmasetiawan, Supomo, Roem, Hadji Salim and Pringgo Digdo. This group seriously disappointed and discouraged by Netherlands delegation reply, especially 2 oral notes.

I argued this presentation Netherlands delegation suggested amendments lets Republic delegation see exactly what to expect and permits planning their countermoves. Assured them whatever amendments they submit will be received and treated on equal basis with Netherlands delegation amendments and negotiations will be on basis USDel plan. Republic delegation members recall unfortunate experiences with Netherlands delegation in past and assert Netherlands delegation now playing same game in building up support in Parliament, press and public of their policy before entering conference so that withdrawals from position practically impossible. I have not minimized difficulty of negotiations but urged that Republic will be given fair treatment in free atmosphere. Have tried show their case with SC would then be stronger, in event resort to SC eventually comes, than if they refuse negotiate and depend on material now in Palar's hands.

I breakfasted with Sukarno Sunday and talked with him 3 hours alone. I went over whole situation. He told me how Republic was being drained heavily as result Communist uprising; men being killed; munitions being exhausted; foodstuffs and other necessities being drawn upon seriously; production suffering from lack of communication as well as from war effort; Netherlands blockade becoming even tighter. Unless success achieved militarily, materially and politically in near future it will be difficult to restrain populace. People who are by no means Communist in thought will become dissatisfied to point of giving up or causing trouble; if Netherlands attempts crush Republic all Indo may flame up. Sukarno feels third world war is already in progress and that he has chosen his side. Statement from US with respect his fight against Communist uprising would be heartening. I reminded him of unfortunate experiences in other countries where reconciliation with Communists attempted (Gocus 149<sup>3</sup>). He stated positively he had chosen side against Communism and would be absolutely firm. When I found him moved by my arguments toward entering negotiations, I told him I hoped give evidence our friendly interest before long with material help, such as textiles,

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<sup>2</sup> Telegram 501, October 13, p. 412.

<sup>3</sup> Not printed.

but that this could not be interpreted as bargaining, and should not in any manner influence his decision toward negotiating. I said he could not find friendlier forum in which cause of republic could be debated than present GOC. I said we would do our best to see Republic got square deal but would not encourage or assist Republic on any unreasonable position. The President, as also had other members his Cabinet, bitterly resented accusations of Netherlands delegation and alleged latter using fraudulent documents against them. Republicans said they had evidence of Netherlands infiltration into Republic to cause trouble. Again I said GOC offered court for production all evidence.

In no conversation with Republican leaders, including Hatta, was there any indication Republicans opposed to January elections. Foreign Minister emphasized confidence in possibility orderly elections and cited Republic desire they be held under GOC observation. Republic set up bureau this week for making preparations for parliamentary elections within Republic in approximately three months.

I conferred with Foreign Minister and Roem October 19, 9 a. m. Roem said Republic delegation voted reply favorably my letter October 14 (Gocus 413<sup>4</sup>). He was submitting draft reply to Hatta and Cabinet October 19 for approval. Roem said Republic delegation desires see speedily whether negotiations can succeed. I have appointment with Hatta October 20, 10:30 a. m.

Republic may request next week, until November 1, to prepare their amendments. This is reasonable and should permit USDel meantime file its proposal with GOC and get machinery in shape for negotiations. I am remaining Kaliurang for contact to full extent Republic desires, particularly in implementation assurances, so that I can tell Netherlands delegation I am convinced good faith being demonstrated therein.

Present is still preliminary report. I hope have Republic reply in time proceed Batavia on plane scheduled October 20. Soonest thereafter I will deliver it to Schuurman with anything additional on assurances that Republic provides or I may venture. I shall try have all this in such tight shape that there will be no further ground for exchange correspondence between Republic delegation and Netherlands delegation or chance for latter to hesitate undertake negotiations. With oral note amendments of both sides submitted for beginning of negotiations about November 1, situation will be that USDel plan is basis put each side on record as to maximum amendments desired. These will be so conflicting as to cause immediate discouragement and threat imminent deadlock.

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<sup>4</sup> Telegram 919, October 15, p. 419.



Insert A [*sic*].

I feel correct tactic will be to insist within GOC on basic features of USDel draft as in itself representing reasonable and fair compromise between extreme Netherlands and Republic positions as previously disclosed. We should of course hasten to adopt suggestions as to improvements in language or in details and also such changes, basic or otherwise, called for by both parties, or to which both parties will readily agree. Department has given indications in Usgoc 141,<sup>5</sup> etc., that it approves such procedure. I am convinced Republic would accept this type of solution. So far as Netherlands is concerned, however, we must recognize that neither Department's vigorous intervention of past months with Netherlands Government nor USDel's efforts locally have resulted in any modification of Netherlands delegation's demands so far as substantive fundamentals of political settlement are concerned. Their position even more solidified through Parliamentary debate, official utterances and press comments on virtues Netherlands delegation counterproposals to USDel plan.

When deadlock threatens break-up of negotiations it may be that exigencies of internal situation will cause Republic to desire get into federation on most generous terms obtainable even though this may mean accepting considerable change in basic character USDel plan and adoption certain features of Bandung set-up. I have not sensed, however, any indications of weakening in this direction. On contrary, there is resoluteness that is Spartan.

Any possibility of Republic yielding beyond position taken in USDel plan would be limited not only by personal views of Republic delegation, who feel that all compromises in past have been made on their side alone, but by Republic sentiment as represented by party leaders in Cabinet and working committee who must approve and implement any agreement. It seems far more likely that breakdown in negotiations resulting from Netherlands delegation insisting on pattern basically different from that of USDel plan would rather cause Republic to proceed with its appeal to SC, now temporarily held in abeyance.

It seems highly desirable that we have campaign toward getting Netherlands be reasonable mapped out in readiness for implementation simultaneously with or immediately after announcement that parties have agreed resume negotiations on basis USDel plan. We should endeavor of course, at least for time being, to keep terms USDel plan and parties amendments secret. It would appear proper, however, for Secretary of State to express gratification over decision to negotiate and hope that honorable agreement may be reached. Other

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<sup>5</sup> Telegram 428, September 16, p. 341.

remarks of similar character might also be made in Paris by UN officials and participating statesmen, or in respective capitals of latter.

Any Department suggestions to guide me opening formal negotiations basis USDel plan would be appreciated. I feel that to get acceptable agreement, if at all possible, is infinitely better, no matter how painful the process, than is alternative of referring back whole matter to SC and making mean case against Netherlands. If we should have to carry out our threat of resuming freedom of position vis-à-vis Republic and possibly recognize it, we would be in for terrific headache. Republic would look to us for moral and financial support and be our charge to extent that would embarrass US more with Netherlands than would real fight in coming negotiations. In Paragraph three Gocus 353,<sup>6</sup> I gave Department my impression Netherlands line of thinking versus Republic. In spite of difficulties anticipated then, we have seen fit to present and support a plan not in harmony with official Netherlands Government running to Department constantly with failure for this plan.

Department has recently seen and will of course discount tactic of Netherlands Government running to Department constantly with stories to blacken Republic and undermine USDel.

Signed Cochran.<sup>7</sup>

LIVENGOOD

<sup>6</sup> Telegram 693, August 16, p. 299.

<sup>7</sup> In telegrams 521, October 21, 7 p. m. (Usgoc 177), to Batavia, and Gadel 282, October 22, 7 p. m., to Paris, the Department stated it was giving most serious consideration to this telegram.

501.BC Indonesia/10-2048: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET US URGENT

BATAVIA, October 20, 1948—8 p. m.

NIACT

935. Gocus 416. Have consulted Critchley and GOC chairman Herremans again regarding question GOC telegram dated October 12 to SC President<sup>1</sup> (Usgoc 175<sup>2</sup>). They expressed view that upon receipt telegram from chairman Repub delegate (Gocus 407<sup>3</sup>) GOC

<sup>1</sup> See telegram 906, October 12, p. 411.

<sup>2</sup> Telegram 518, October 19, 4 p. m., not printed.

<sup>3</sup> Telegram 905, October 12, p. 408.

was obliged under its own procedure (Gocus 203 March 25) inform SC its comments Repub special report would be forthcoming.

I argued that possibility existed Repub might not present special report and that if special report were not presented, reference to it in GOC telegram October 12 to President SC would only confuse matters. They have agreed that following telegram be sent Protitch.<sup>4</sup>

"Please cancel telegram sent President dated 12 October which is superseded by following telegram dated October 20.

"President SC. The GOC has honor state it is proceeding with drafting of its fourth interim report. GOC is of opinion that it will be able to report results of Com's present endeavors in connection with resumption of full scale negotiations in very near future. For this reason Com will delay submission of its fourth interim report so that the report will present a balanced and comprehensive account of recent developments. Signed Herremans." Signed Scott.

Department pass Hague and GADel Paris.<sup>5</sup>

LIVENGOOD

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<sup>4</sup> D. Protitch, Principal Director of the Department of Security Council Affairs, UN Secretariat.

<sup>5</sup> Repeated to The Hague and Paris on October 30.

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501.BC Indonesia/10-2348: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET US URGENT

BATAVIA, October 23, 1948—1 p. m.

938. Gocus 417. In conference with Hatta October 20. I urged public statement by him or Sukarno with respect assurances required by Netherlands and implementation thereof.

Republic Foreign Minister entertained USDel night 21st. He said objections had increased in political circles to Republic replying favorably to my letter transmitting NethDel oral notes. Foreign Minister said some Republic leaders inclined in present crisis follow German and Japanese habit destroying selves against wall. He preferred negotiate hoping for best but preparing for worst. He stressed necessity improving economic situation of Republic immediately and intimated RepDel would bring up blockade question in negotiations. At same time pointed out bad effect on Republic of knowledge Netherlands bringing more troops and modernized equipment Indonesia probably financed by ECA.

Pringgo Digdo told me later that night of Cabinet meeting that afternoon which he attended. Said session was extremely heated with certain nationalist ministers threatening resign rather than approve

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<sup>1</sup> Repeated in telegram Gadel 295, October 24, 5 p. m., to Paris. .



letter of agreement as drafted by RepDel. Said Sukarno and Hatta in turn threatened resign if letter not approved. Said I had done well in speaking so frankly with President and Vice President and that their attitude resulted from confidence in me. Letter finally approved with President stating he would promptly fill any positions in Cabinet from which dissidents might resign.

October 22 Hatta received me alone and told me of decision. He gave me English translation Sukarno's order of day. He handed me personal and confidential letter giving his impressions situation with respect negotiations and putting forward Republic's side of controversy. Will submit text letter in separate cable since this was partial basis my assurances expressed to Schuurman.

At noon Roem handed me RepDel letter 36/K/IV dated October 21 signed Roem addressed Cochran which reads as follows:

1. "I have honour to refer your letter October 14, 1948, concerning resumption negotiations between RepDel and NethDel.

2. "As stated in my letter No. 19/K/IV dated September 20, 1948, the RepDel has been empowered by Government of Republic of Indonesia to resume negotiations with NethDel on basis set forth in your oral note of September 10, 1948.

3. "I am glad to learn that the NethDel on instructions of its government is also prepared to accept your draft agreement as basis on which to resume negotiations under auspices of GOC.

4. "The RepDel trusts that negotiations will be resumed without delay. In this connection I wish to draw your attention to second paragraph of my letter No. 20/K/IV of 20 September and to point out that Netherlands Government has not fully met our position. It is hoped that this matter will be clarified in very near future.

5. "Regarding the 2 conditions of the Netherlands that the truce should be properly implemented before negotiations are resumed I should like to point out that the selfsame conditions were envisaged in last paragraph of my letter 20/K/IV. I need hardly say that we, for our part, are striving for proper implementation of truce. In particular, I should like to draw your attention to our persistent efforts during course of our previous negotiations to have the Netherlands blockade lifted. Those efforts, as you know, have been unsuccessful, as may be seen from the report on trade restrictions of the GOC. I should also like to draw attention to our efforts to have military aspects of truce agreement fully observed. The difficulties encountered from time to time are the object of our constant attention and it cannot be said that at any time we have rejected or failed to come forward with constructive efforts and suggestions to counteract and overcome the difficulties. We are anxious to uphold the truce agreement and assist the GOC in this matter and cannot accept the allegations contained in the Netherlands letter.

6. "It has been noted that in accepting your plan as basis for negotiations the Netherlands Government has made the same reservations regarding its acceptance as did the RepDel. Indeed, the NethDel has already set out most extensive amendments. We are glad to have an

early indication of the Netherlands views but are concerned by the extent and nature of these amendments, which seem to us to differ substantially from your plan, which is clearly based on the *Renville* principles. We can assure you, however, that we will consider all suggestions in a reasonable spirit and do our best to find a way out of difficulties and disagreements which so clearly exist. For our part we are now preparing our own proposed amendments to your plan which we shall submit so that they too can be considered when negotiations are resumed.

7. "In conclusion I should like to thank you for your efforts to find a common ground leading to an overall political settlement and to express the hope that nothing will now stand in way of the US oral note being presented to both parties as a working paper of the GOC as was visualized in your letter of September 10, 1948".

USDel group arrived Batavia October 22, 6 p. m. I phoned Schuurman immediately and arranged appointment for 10:30 p. m. I also told him time Sukarno order of day being broadcast so NethDel could monitor. I handed him following letter dated October 22 addressed Schuurman signed Cochran:

"I have honor to refer to your letter No. 2359 of October 14, 1948, wherein you stated that, acting upon instructions of your government, the NethDel was prepared to accept as basis on which to resume negotiations with the RepDel under the auspices of GOC the draft agreement submitted to the two parties by the USDel as an oral note on September 10, 1948.

"At 12:00 noon on October 15, I delivered to Republic Vice President, Dr. Hatta, copy of your letter 2359, together with copies of your oral notes I and II.

["]During one week spent in Jogja and Kaliurang I discussed matter of resumption with President Sukarno, Dr. Hatta and various members of RepDel. At 12:00 noon today, October 22, received from Dr. Roem, chairman RepDel, a letter (No. 36/K/IV) dated Jogja October 21 whereof a copy is attached, confirming the readiness of the RepDel to resume negotiations with NethDel on basis set forth in USDel oral of September 10.

["]At 10:45 on morning of October 22 Vice President Hatta told me of decision of his government with respect to entering negotiations and in regard to taking steps preparatory thereto. He delivered to me translation of an 'order of day' issued on October 22, 1948, President Sukarno in his capacity of Supreme Commander of Republic Armed Forces. There is attached a copy of English translation of this document. It is my understanding that his order of the day was to be read to troops by their commanders, to be published in press, and to be broadcast on evening of October 22, both in Indo-Chinese [*Indonesian*] and English language.

"You will note from paragraph 6 of Dr. Roem's letter 36/K/IV that the Republic authorities are now preparing their proposed amendments to the USDel draft agreement and that they will submit these so that they can be considered at time negotiations are resumed. Dr. Roem



has informed me orally that his delegation will be prepared to enter negotiations on about November 1, 1948.

"With respect to third numbered paragraph your letter 2359 October 14, you will note that Republic officials have full opportunity to study your proposed amendments prior to resumption of negotiations. You are assured that your proposed amendments, and any that RepDel may submit, will be afforded full and equal discussion in negotiations to be held under auspices of GOC. The draft agreement submitted Netherlands by USDel will be the basis on which the negotiations are resumed.

[“]I should add that in my extended conversations with Republic officials during this past week I have been provided personally and informally with information with respect to conditions and to plans. This information convinces me of the intent of responsible Republic authorities to take appropriate measures to make atmosphere for resumption of negotiations as favorable as possible, and to enter such negotiations in good faith.

[“]I now propose to submit the USDel's oral note of September 10, 1948, together with documents that have been submitted by the parties in response thereto, to the GOC for consideration by the parties as a working paper in their negotiations.”

Text Sukarno's order of day follows:

1. "Report reaching me today from the CIC of Republic Armed Forces states that with recapture of the last PKI-FDR strongholds at Patjitan and Pati and the destruction or surrender of last rebel battalions along north and south coasts, the campaign to wipe out the military rebellion has been all but completed. Only scattered remnants of rebels conducting small affrays of local character have yet to be eliminated and this will be done with no less speed and strength.

2. "Thus the sad tragedy has for most part come to an end, a tragedy which—by sharpening the existing political difference—has split our unity and which has forced me to order the Armed Forces to restore base of unity by force of arms, and with the support of our people. With success we have achieved in these efforts our state has proven to outside world our ability to safeguard the peace and order of our people with our own strength and with our own apparatus, even though faced by the most difficult circumstances.

3. "I offer my gratitude and pay honor to our Armed Forces. To the heroes who have given their lives in the service of their country and to the victims amongst the civil servants and the people I pay the greatest tribute. To the relatives whom they have left behind I offer my most sincere condolences.

4. "And I deem it fortunate indeed that the Armed Forces of the Republic of Indonesia have been cleared of the seeds of dissension planted by those who regard party interest as of far more importance than safety of the state. Consequently, your Armed Forces have now been welded into strong unity of pure principles and will grow as the pride of whole Indonesian nation.

5. "As organ of power of Republic of Indonesia, our Armed Forces is to continue its duty of defending the state, from within as well as from without, which includes safeguarding of the basic principles and



the constitution. And likewise it is also to safeguard the agreements made by the state, including the truce agreements immediately under supervision of the SC of the UN.

6. "At this historic moment I express my gratitude to entire Indonesian population which spontaneously declared their allegiance to the state and gave their support to best of their ability.

7. "The Armed Forces of Republic of Indonesia and people of Indonesia should be conscious that our national struggle has not yet been finished. Follow strictly the discipline of the army and national discipline. Strengthen the unity of the army and national unity."

Schuurman read letters and enclosures. Expressed gratification change in tone RepDel letter from previous communications and thanked me for my efforts with Republic. I told him I felt Sukarno and Hatta serious in desire resume negotiations and reach agreement on entering USI. In conversation I assumed NethDel would now go along with early negotiations. I told Schuurman our assistants should go over matter of submission documents to GOC. He said he, Stuyt and Riphagen would study RepDel answer this weekend and ask us any questions. Consequently we are not planning any press release or other step until final NethDel reaction received. Personal relations between NethDel and USDel entirely cordial. Feel penultimate paragraph Gocus 415<sup>2</sup> may have been misleading. Lease [*Please*] disregard. Also note same message contained one typographical error to include "insert."

Batavia press this morning reports Sukarno's broadcast and also RepDel communiqué with respect favorable answer given me. Visited Schuurman 10:00 a. m. his request and clarified for him one point my letter 22nd. He said he telegraphed letter and enclosure Hague last night and should have final reaction by Tuesday. In meantime he agrees answer any press questions by statement negotiations still informal and no comment. Signed Cochran.

Sent Department 938; Department pass The Hague.<sup>3</sup>

LIVENGOOD

<sup>2</sup> Telegram 927, October 19, p. 421.

<sup>3</sup> This was done the same day.

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501.BC Indonesia/10-2348: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET US URGENT

BATAVIA, October 23, 1948—5 p. m.

939: Gocus 418. Herewith text letter signed Hatta addressed Cochran dated October 21 mentioned in Gocus 417:<sup>2</sup>

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<sup>1</sup> Repeated in airgram A-240, October 26, to The Hague.

<sup>2</sup> *Supra*.

“Allow me herewith to disclose impressions which I gathered from reading the Dutch amendments on Cochran plan and from reading Dutch charges that Republic is persisting in subversive activities.

My first impression is that Dutch do not actually want to come to an agreement that is not in line with their preconceived design. The amendments proposed by Dutch radically alter contents and purport of Cochran plan and moreover flagrantly contradict the *Renville* principles. Ever since the very first negotiations that gave birth other [to the] *Renville* Agreement, it was clear to me that the Dutch did not have slightest intention to deviate from their original conception of realizing their ideals of a “rijksverband,” making dominion enfold-ing the Netherlands proper, the Netherlands East Indies and the Netherlands West Indies. In this framework, Indonesia was to have self-government. The Dutch conception of a Netherlands-Indonesia union is that of a super-state, essentially the Kingdom.

In pursuing these ideals, it is primary aim of Dutch to divide Indonesia in order to render it weak and to annihilate the Republic which is the mainstay in the struggle for freedom. This is reason why Dutch in their amendments do not hesitate to propose abolition of the Republic by its disintegration into small parts. It is a tragic fact that while world—after World War II—desires to see sound development of democracy throughout world, the Dutch—as evidenced by their amendments—are attempting to check growth of democracy here. They reject the holding of general elections to form a constituent assembly and reject a democratically formed interim government which would be responsible to a provisional representative body chosen by population. It is obvious that Dutch have no intention yet to abandon conception of colonial administration.

The function of an interim government, in my view, is to conduct transition from a colonial government to a democratic government of an independent nation. Dutch, however, envisage an interim government that is to be responsible to the Dutch Government. A conception which does not even remotely approach education towards democracy.

In this respect the Dutch underestimate the peoples’ desire for freedom. The history of national movement in Indonesia and evidence of facts give me conviction to state unhesitatingly that whole population of Indonesia desires to be free.

Dutch efforts to enfeeble Indonesia through division will compromise democracy in face of whole world and will be detrimental to Dutch themselves. In global war which is about to break out, it is imperative that in Indonesia there be a strong and living democracy to ward off the totalitarian trend that aims to subjugate world. Dutch efforts to weaken Indonesia so as to retain their *de facto* authority

would only serve to fertilize ground for breeding of totalitarian elements in thought and action. A weak and undemocratic Indonesia would form serious threat to well-being of world.

Neither will Dutch themselves gain by weak Indonesia. In first place, Dutch would be blamed for weakness and for this reason hatred against Dutch would grow. In the end, a complete break will be inevitable. In second place, this weakness would bring about a poor economic structure, decreasing purchasing power and acting disadvantageously on Dutch interests.

I know full well that Dutch fear that in an independent and strong Indonesia there will be no safeguard for their economic interests. I believe that this fear need not be there if Dutch can win confidence of Indonesians, if they recognize situation and if they wholeheartedly aid Indonesia towards goal of independence.

In its political manifesto of November 1, 1945, the Republic of Indonesia recognized the rights of Dutch ownership in Indonesia. To build up its economy, the Republic of Indonesia does not need to fall back on Dutch enterprises here. For purposes of economic reconstruction the Government of Republic of Indonesia intends to create various new industries of its own without prejudicing existing industries. For this single project alone, there is not sufficient capital. The reconstruction of Indonesia can be coordinated with reconstruction of Dutch economy. Various capital goods necessary for work of reconstruction can be ordered from the Netherlands, and orders for these capital goods will certainly extend over several decades, thereby sustaining industry in the Netherlands.

It is an erroneous notion of the Dutch to think that economic progress in Indonesia will be disadvantageous to the Netherlands.

My second impression is that Dutch are advancing charges of subversive activities of Republic only to find a justification for another military action. But it would be well for Dutch to bear in mind that population will react to military action with scorched earth policy. Only side that will gain by this are the Communists.

The Republic Government has submitted evidence to prove that these accusations are false. We do not deny that subversive activities are being carried out by insurgents, who for that matter are also operating in our territory. Many of these subversive bands even come into our territory from occupied areas. Neither do we deny that there have been Communist bands who deliberately resort to provocations by raids into occupied territory with obvious intention to cause serious conflict between Dutch and the Republic, frustrating the negotiations and causing war. In event of war, the whole population of Republic will take part in scorched earth policy. Thus the Communists will succeed to stir chaos everywhere in the interest of Soviet Russia.



As you may know, the mopping-up operations in which the Republic Army is currently engaged are aimed at complete destruction of insurgent elements and to restore law and order. In an order of day all army units have been instructed to prevent at all costs any provocation by insurgents which would result in a violation of the truce agreement.

As result of incitements and agitations of Communists in ranks of Army, several companies of Siliwangi (West Java) division have deserted to return to an occupied area of West Java. We have duly reported this to the military observers in Jogja. These companies were incited by Communists to return to West Java. The Communists worked on the minds of these units by whispering that here in free territory of Republic they were disliked by population and that government planned to use them in a civil war. And did they want to shoot their brothers? These instigations had effect desired by Communists: the units deserted the army and returned to West Java. This too is a loss caused to us by the Communists. And the Dutch accuse us of infiltrations.

I must emphatically deny accusations that certain units of the Indonesian Neth Army were purposely left behind in West Java when our units were withdrawn from the "pockets of resistance" under terms of the *Renville* Agreement. I think that it is also known to you that there was only a very short period of time given to our army to withdraw to unoccupied Republic territory. Within that short period we succeeded to evacuate all our army units.

It is admitted that there are irregular groups who have been operating on their own responsibility from the birth of the Republic and who defend their own ideology. These groups have frequently clashed with our army. The Krawang incident is widely known. We do not recognize them as units of our army and are not responsible for their actions.

It might be well for me to stress fact the Government of Republic of Indonesia is anxious to be in a favorable position in confronting the Dutch and any subversive action planned or carried out from Republic territory that can be charged against us as a violation of the truce in [*is*] condemned as being detrimental to our position. Any such action will prejudice our position, and would create impression that manifestations of spirit of independence and nationalism in occupied territory are being directed by Republic. This will do serious harm to our ideals. And you will understand that we shall not engage in activities that are certain to impair our position. Several months ago, the headquarters of the Indonesian national army issued an order to all army units warning them that severe disciplinary action would be taken against anyone carrying out subversive actions against objectives in occupied territory. This is in accordance with government's

view that actions of such character prejudice position of Republic itself.

I should further like to draw your particular attention to following: we believe and are convinced that large majority of population in occupied territory have their sympathies with Republic and will come out in favor of Republic should a plebiscite be held. For whatever reason then should we stage infiltrations?

The Dutch constantly contend that it is not possible to conduct a plebiscite because there is no peace and no order yet. Could it be conceivable then that we, who are desirous to hold a plebiscite at the earliest possible date, would give substance to Dutch contentions by continuing to stage subversive activities?

I deem it necessary here—to remove any possible misunderstanding—to tell you that there was one section of my department that, under name of Bureau of Cabinet, attended to matters related to the occupied territories. Since the signing of the *Renville* Agreement the Bureau had following tasks: (1) Prepare population for a plebiscite through information. According to *Renville* Agreement, a plebiscite was to be held in the areas that in our opinion were regarded as the disputed areas. According to Dr. Graham, both parties prior to the plebiscite were to have opportunity to propagate their respective views, provided that propaganda was not inflammatory. In this connection, the Bureau was entrusted with task of planning a plebiscite movement for Republic. As is known the Dutch have prohibited this movement and have stated as their opinion that the plebiscite was to be held throughout Java, Madura and Sumatra. (2) To attend to welfare of Republic officials and employees in occupied territory and to prepare plans to be submitted for discussion between the RepDel and the NethDel. (3) To attend to welfare of people who evacuated from occupied territory to security in Republic territory. This evacuation took place on a considerable scale since Dutch launched their military action on July 21, 1947. After the *Renville* Agreement endeavors were to be made through the delegation to effect the return of these people to their original homes.

The Bureau worked openly and many of the results of its activities reached the conference table in discussions between the two delegations under auspices of the GOC.

By reason of fact that the aspects of the plebiscite questions have changed and the fact that the activities mentioned under points 2 and 3 above can be taken in hand by the RepDel, the office will be abolished as of 21st of this month.

These are impressions that I present to you in light of Dutch amendments and charges of violations of the truce agreement made against the Republic.

This letter has a purely personal character and is for your personal and confidential information."

LIVENGOOD

501.BC Indonesia/10-2548 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*<sup>1</sup>

SECRET US URGENT

THE HAGUE, October 25, 1948—5 p. m.

725. Embassy has studied with greatest care Department's 540, October 21 (Gocus 415)<sup>2</sup> and relay October 23 from Batavia (Gocus 417)<sup>3</sup> and we heartily congratulate Department and Cochran on results negotiations.

We agree desirability expression of satisfaction by Secretary and UN officials on resumption negotiations, but we seriously question soundness of suggestion that Department make any public statements directly, or by implication, critical of the Netherlands Government's attitude, or of encouraging the American press to do so. Whether we like it or not, public opinion in Netherlands is inflamed in regard to Indonesian questions; moreover, the role and position of US therein is beginning to be questioned or misunderstood in press. World opinion might be organized to pressure Dutch into agreement, but there is danger that they would react in exactly opposite manner and stubbornly push ahead with own course. Embassy believes that US must, at this stage, be careful to avoid any impression of partiality or exerting undue pressure, even though we agree with Cochran that we should continue efforts to induce a reasonable attitude on part Netherlands officials.

Having succeeded in bringing both parties to a resumption of negotiations, we believe that the GOC as a body should do everything it can to promote an agreement. Above all, it is highly important that a favorable atmosphere for the negotiations be created and recognition be secured of the need for both sides to be reasonable and to show readiness to compromise in order to reach a settlement. Finally we submit that responsibilities recently assumed should be shifted from the shoulders of our delegation and the US back to the GOC and UN where it belongs and where England, France, etc., could take their full share in solving this problem with its tremendous responsibilities and implications. I respectfully submit that such a chance may never come again (Embtel 608, September 16<sup>4</sup>).

BARUCH

<sup>1</sup> Repeated in telegram 532, October 27, 5 p. m., Usgoc 180, to Batavia.

<sup>2</sup> Telegram 927, October 19, p. 421, and footnote 1.

<sup>3</sup> Telegram 938, October 23, p. 426.

<sup>4</sup> Not printed.



501.BC Indonesia/10-2648 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET US URGENT

BATAVIA, October 26, 1948—2 p. m.

944. Gocus 420. NethDel informed USDel that absence Stikker in Paris obliged postponement cabinet meeting Monday to Wednesday. Consequently, no likelihood learning Hague reaction to RepDel answer (Gocus 417<sup>1</sup>) before Thursday 28th.

Over week end Netherlands officials forced agreement from four Republicans in Batavia to disassociate themselves from Republican activities rather than be evicted. Batavia police also notified five Republicans they must leave Netherlands territory prior November 1. This group includes three advisors RepDel, two of whom in Batavia now and third in Jogja, and one Republican Ministry Information official. RepDel Secretary General Batavia approached me Saturday on these matters. I spoke informally with Riphagen Saturday and Stuyt Sunday protesting that police action this type may offset progress made last week toward resumption negotiations and have extremely harmful effect on position Republican Government has assumed. I sought holding this matter in abeyance pending resumption negotiations. Stuyt informed me last night he was still working on this matter and it would be reviewed at formal meeting 27th.

Evident in Batavia tendency of press and even on part official NethDel spokesmen to hesitate admit outlook for resumption negotiations hopeful and to hint implementation Republican assurances should be awaited. With Van Mook resignation and nonarrival Beel, it is obviously difficult for decisions any importance be taken Batavia. Nevertheless any serious delay in resumption negotiations gives greater opportunity for renewed press controversy and feeling of disappointment on part Republic. Critchley proceeding Jogja today and promised help keep Republicans quiet pending final Netherlands reaction. Believe Department could helpfully suggest to Netherlands Embassy need for urgency in accepting RepDel favorable reply at face value and hurrying resumption negotiations.

I lunched Sunday with British Consul General<sup>2</sup> who had received from NethDel copy its reply October 14 and had apparently been instructed by his Government to keep in touch and be helpful. I gave him substance Department's 525, October 22, to Batavia<sup>3</sup> and told

<sup>1</sup> Telegram 938, October 23, p. 426.

<sup>2</sup> Francis Michie Shepherd.

<sup>3</sup> Not printed.

him I was sure he could be of assistance behind scene once negotiations begin. Signed Cochran.

Sent Department 944; Department pass The Hague.<sup>4</sup>

LIVENGOOD

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<sup>4</sup> This was done the same day.

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501.BC Indonesia/10-2848 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

SECRET US URGENT

THE HAGUE, October 28, 1948—5 p. m.

738. Lovink has shown Embassy officer (but not given pending confirmation delivery to Cochran) Netherlands reply upon resumption negotiations<sup>1</sup> (Embtel 733, October 27<sup>2</sup>). Substance thereof is that Netherlands, notwithstanding unsatisfactory statement of Republic on truce violations and despite Republic's failure proceed economic aspects of truce, is prepared resume negotiations at once provided it is understood:

- (a) No agreement can be concluded before proof of the stopping of truce infringements is forthcoming and appropriate measures are taken to implement economic terms of truce.
- (b) That above points are the first to be discussed when negotiations resumed.
- (c) If solutions of (a) and (b) are not reached, that the Netherlands will be forced to conclude that negotiations cannot be successful.

Above communication (which will be transmitted promptly when available) discussed with Lovink who stated above points were to be understood as meaning that Netherlands would expect discussion of points under (a) to lead to agreement and initiation of satisfactory measures. This was minimum to assure Netherlands of Republic's intentions and good faith. Moment such measures initiated discussion other matters (political) would start and proceed during period in which Republic measures stop truce violations should be carried out. Final overall agreement would depend both upon political agreement and Republic implementation of commitments re truce outlines (a) above.

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<sup>1</sup> The text was transmitted in telegram 951, October 28, midnight, Gocus 422, from Batavia; for text, see SC, 3rd yr., Suppl. (Dec.), p. 152.

<sup>2</sup> Not printed.

Foreign Minister Stikker will spend about 10 days Indonesia and handle negotiations for Netherlands at least early stages.

Sent Department 738; Department pass Batavia.<sup>3</sup>

BARUCH

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<sup>3</sup> This was done the same day.

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501.BC Indonesia/10-2848: Telegram

*The Acting Secretary of State to the Consulate General at Batavia*<sup>1</sup>

SECRET

WASHINGTON, October 28, 1948—7 p. m.

539. Usgoc 182. Neth Amb called on Acting Secy Oct 27. Neth Amb dilated on dangers inherent present coalition between Hatta Govt and Tan Malakka Trotskyite Communists suggesting that Hatta Govt by no means Simon pure anti-Communist. Acting Sec replied, while aware ominous character such alliance, resulting situation and liquidation Communists within Repub task for Repub Govt; that better govt than Hatta unlikely emerge present situation.

Acting Sec took occasion point out Neth Amb great importance both sides avoiding at this moment "digging in" on positions from which they could not recede when negotiations resumed. He pointed out he had in mind not only position actually taken by Neth Govt but public statements by responsible officials which might have effect reducing essential flexibility negotiations. Acting Sec pointed out that result Dept's desire avoid such position on part Repub Cochran had gone great pains restrain Repub from submitting case SC which would have in fact placed Repub in inflexible position. Neth Amb replied that his Govt had given its word to embark upon negotiations in good faith and had no intention going back on its word; that proceedings States General Oct 25 showed that when pressed by States General for definite commitment on position it would take in negotiations, Neth Govt had replied it was unable give in advance undertakings this character; that Neth Govt had sought and secured from States General virtual *carte blanche* in negotiations subject only parliamentary approval of text political agreement by two-thirds vote at later date. When queried concerning possibility that Neth agreement with Bandung group might constitute obstacle to free and unprejudiced negotiations Neth Amb replied that agreement with Bandung group entirely tentative in character and could be amended any way necessitated by subsequent agreements with Repub.

During course conversation remarks of Neth Amb led Dept officers to conclude (a) that position Neth Govt in negotiations will in fact be

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<sup>1</sup> Repeated as 557 to The Hague and as Gadel 351 to Paris.



seriously circumscribed by what Neth Govt believes to be its general commitments to Bandung group, it being clear that Neth Govt will not, as yet, forego what it believes to be its responsibility for protection Bandung states; (b) that should negotiations fail Neth Govt will proceed with formation USI with Bandung group "reserving seats for Repub"; (c) that should infiltrations, acts of violence, murder etc continue Neth Govt would feel obliged "to take some action". Acting Sec told Neth Amb that in Dept's view military action against Repub would involve Neth in endless and indecisive guerilla warfare which, failing to restore real peace and order, would exhaust Neth. Dept officers are inclined believe that while Neth Amb's remarks probably did not imply police action in sense of 1947 advance, Neth Govt would probably undertake "rescue missions" even in Repub territory particularly if encouraged do so by and through Bandung group.

LOVETT

501.BC Indonesia/10-2848 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

CONFIDENTIAL

WASHINGTON, October 28, 1948—7 p. m.

541. Usgoc 183. During conversation with Dept officials Oct 27, Soemitro, Soedarmo and Thamboe expressed personal opinion that Repub might desire at least some 3 months to prepare for elections provided it could secure satisfactory guarantees for free expression opinion in campaign. They added that Repub would desire elections even under unfavorable conditions. It occurred to Dept officers that should postponement elections materialize to be principal issue separating parties in negotiations, Repub's desire for considerable period of preparation might be used as basis compromise.

LOVETT

501.BC Indonesia/10-2948 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET US URGENT

BATAVIA, October 29, 1948—11 p. m.

953. Gocus 423. "October 27, 7 p. m., Schuurman called on me to report that special government committee had decided that afternoon against revoking order for eviction five Republicans (Gocus 420<sup>1</sup>). I said I regretted favorable consideration not given my personal intervention at this time when resumption negotiations in such critical stage. I told him frankly rumors were growing that Netherlands Gov-

<sup>1</sup> Telegram 944, October 26, p. 436.

ernment was preparing for police action against Republic. I emphasized possible catastrophic results thereof and argued we should all endeavor seriously bring about negotiations in good spirit at earliest possible date. I criticized Netherlands tendency to color press reports in favor their entrenched political position.

When Stuyt and Riphagen delivered Netherlands delegation documents to me October 28, 7 p. m. (Gocus 422<sup>2</sup>), I objected strongly Netherlands delegation proclivity using delaying tactics repeatedly and placing one condition after another in way of Republican delegation having chance to negotiate fairly for political settlement and entrance into USI on honorable basis. I said Netherlands delegation latest approach indicated determination to take up time of GOC with perhaps endlessly long and finally futile conversations on implementation of truce without ever reaching discussion of US delegation proposals.

October 29, 10 a. m., I called on Schuurman. I sought clarification as to whether I was expected to extend Hatta invitation to come to Batavia or just what they desired I endeavor to do 'to arrange for Mr. Hatta to meet him (Stikker) at Batavia'. After consulting palace, Schuurman agreed to preparation of letter more in invitation form which was handed me later in day under No. 2483, dated October 29, signed Schuurman and addressed Cochran as follows:

'With reference to our conversation this morning regarding Mr. Stikker's wish to meet Mr. Hatta in Batavia, I should feel greatly obliged if you would convey to Mr. Hatta an invitation of the Government of Indonesia to come to Batavia for this purpose. In view of the desirability to resume negotiations in the near future, I think it would be advisable if this visit could take place as soon as possible after Mr. Stikker's arrival.'

It had been agreed by us that best idea would be to have Hatta visit Batavia as soon as possible after Stikker's arrival in order that conversations might start before situation could become more complicated. I told Schuurman I was doubtful as to whether Hatta might be able promptly to give in writing the direct answer which Netherlands delegation expects to its letter of October 28. I asked Schuurman whether an alternative would be acceptable, that is, Hatta discussing terms of Netherlands delegation letter of October 28 directly with Stikker when they meet. After subsequent consultation with palace, Schuurman telephoned me that this would be satisfactory. In my talk with Schuurman I again expressed my unhappiness over Netherlands delegation imposing one condition after another on resumption of negotiations. I told him that my going so constantly to Republic in

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<sup>2</sup> Telegram 951, October 28, midnight, not printed; but see footnote 1, p. 437.

their behalf might impair my usefulness at later stage when a serious point in negotiations may be reached.

I told Schuurman I did not desire to be party to any plan on part of Netherlands delegation to get Republican delegation into negotiations with priority given discussion of truce implementation and then find Netherlands delegation drawing out conversations endlessly and expecting results which would be obviously impossible. I said such tactics would soon become obvious and would react against Netherlands delegation as well as contribute to disturbance rather than improvement atmosphere. He insisted Netherlands delegation genuinely desirous of negotiating on basic settlement and would get to that discussion soonest possible. In answer my query he agreed that if Hatta and Stikker can arrange satisfactorily matter of assurances in their preliminary talk this would permit brief consideration being given thereto before GOC and might even permit immediate discussion US delegation plan once negotiations resumed. I urged that every possible consideration be given to clarifying to me matters through direct contact between Stikker and Hatta.

While I have not been prone to predict police action to Department, I cannot disregard indications toward that end including messages from other centers such as Hague's 730, October 26 to Department.<sup>3</sup> Critchley definitely feels Stikker may be coming to issue ultimatum to Hatta. I am cognizant, of course, of responsibility US delegation has taken in carrying negotiations so far on personal basis but I have no intention relinquishing such task until whole affair can be moved into GOC on proper basis. While I am not anxious, as Hague Embassy fears (Hague's 725, October 25 to Department), to kindle world opinion against Netherlands, I surely desire that we take every reasonable measure to keep Netherlands in line and avoid breakdown of plans for negotiations with likely result of military strife. Furthermore I still feel in spite Hague Embassy's reaction that strong steps may be necessary and that we might even have to consider cutting off financial assistance to NEI, such as that anticipated in Department's 536, October 28 to Consulate General and US delegation,<sup>3</sup> until negotiations are not only resumed but brought to amicable conclusion with Republic permitted enter USI honorably and peacefully.

I informed Republican delegation Secretary General Batavia this noon I am proceeding Jogja Saturday 30th. Secretary General arranging appointment with Hatta. Hope return Saturday night or Sunday latest." Signed Cochran.

Sent Department 953; Department pass The Hague.<sup>4</sup>

LIVENGOOD

<sup>3</sup> Not printed.

<sup>4</sup> This was done the same day.



856d.01/10-3048: Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*<sup>1</sup>

SECRET

THE HAGUE, October 30, 1948—4 p. m.

750. Following are our comments on certain portions of Deptel 557, October 28:<sup>2</sup>

1. Paragraph 2 Van Kleffens' remarks regarding proceedings in States General October 25 are somewhat inaccurate. We have gone over official report of proceedings and do not find any reference to *carte blanche* given government "in negotiations." We believe what Van Kleffens meant, or should have said, was that emergency bill gave government *carte blanche* to install interim Indonesian government and to issue decrees necessary for its functioning, subject to such decrees being presented to States General within one month and being approved by two-thirds vote. (See Embtel 729, October 26.<sup>3</sup>)

2. Although Netherlands Government may have entered into general commitments to Bandoeng group, the negotiations have not been finalized, according to Foreign Office, because Bandoeng delegations had to get approval from their superiors and Netherlands Government wished to leave door open for entry of Republic. Whether negotiations with Republic would be seriously circumscribed by general commitments is matter for conjecture, but there must be certain amount of flexibility because negotiations with Bandoeng have not been concluded. We cannot see what is to prevent Dutch, if they are so inclined, making concessions in negotiations with Republic which would go further towards national aspirations than did Bandoeng negotiations, and no doubt such further concessions would be welcomed by Bandoeng.

3. Embassy takes more serious view than that expressed in ultimate sentence Deptel 557 October 28 because there have been numerous indications that police action is being contemplated if necessary. Lovink has several times said Dutch could not let Indonesian situation deteriorate further and that "something had to be done." Views given us by Foreign Office concerning dangerous situation from military and security point of view have been impressive but we are unable to tell how much is straight propaganda and whether their facts and figures are accurate (Steere<sup>4</sup> took to Washington with him variety graphs, maps and other data relating to Dutch allegations of military infiltrations and incidents).

<sup>1</sup> Repeated in telegram 546, November 1, 4 p. m., Usgoc 184, to Batavia.

<sup>2</sup> See telegram 539, October 28, p. 438, and footnote 1.

<sup>3</sup> Not printed.

<sup>4</sup> Loyd V. Steere, Counselor of Embassy for Economic Affairs in the Netherlands.

Furthermore, Foreign Office has repeatedly told us that public kept uninformed deliberately in order not poison atmosphere. However, Vorrink, chairman of Labor Party, told Embassy officers that about week ago decision taken that facts and figures would be released. First series of such released to press this week. Vorrink told same officers that Dutch Government is contemplating use of police action within "2, 3 or 4 weeks". He believed that situation was deteriorating so rapidly that firm measures would have to be used, adding that he was no doubt saying something we already knew. He remarked that there was division in Cabinet between those who believe Dutch must not lose their closest and truest friends—America and other western powers—and those who believe Dutch must live up to responsibilities, take action and accept consequences. Vorrink was disparaging about assurances regarding implementation of truce given by Soekarno in order of day. He also commented that concentration of Dutch military forces in Indonesia emasculated Dutch in Europe, who would not be able to play proper part in giving military support in Western Union. As Department knows, Vorrink is powerful man and his views usually moderate and reasonable. He certainly is in position to know what is going on in high government circles as Prime Minister, also, leader Labor Party.

In conclusion I feel that Department should be prepared for police action if GOC negotiations break down after resumption.

BARUCH

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856e.01/10-3048 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*<sup>1</sup>

SECRET      US URGENT

THE HAGUE, October 30, 1948—7 p. m.

755. Beel called at Embassy immediately after his conference with Queen and shortly before his scheduled departure for Indonesia as Queen's High Commissioner for Indonesia. In our conversation he was as always serious and most thoughtful. At the same time he seemed charged with tremendous energy and almost religious fervor to be at his new task and to do everything humanly possible to bring about solution of Indonesian problem as quickly and peacefully and as permanently, without bloodshed, as the existing conditions will permit—and without undue delay. These he said were his instructions and his intentions. He stated that he had full power as Queen's Commissioner to establish and inaugurate interim government under a

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<sup>1</sup> Repeated in telegram 547, November 1, 4 p. m., Usgoc 185, to Batavia.

union statute subject however to a thirty day review by the States General of any edict he might cause to be issued. He outlined the following timetable—Stikker arrives October 31 and will immediately contact Cochran and through him endeavor begin talks with Hatta. Beel leaves Sunday, arrives Batavia Wednesday. Van Mook leaves Thursday, November 4, and Beel takes over same date from him with full powers of Lieutenant Governor plus additional authority just conferred on him by Queen as High Commissioner.

He said he would endeavor to establish full, fair and equitable interim government of all of Indonesia in which Republic would participate, and trusted that truce terms would be forthwith fully honored and observed by Republic. He said his government must insist on full performance of terms of truce but feared Hatta might, even though convinced of necessity of such observance, be unable to get necessary backing of his people to prevent infractions. I asked him what then. He answered that Dutch stood ready at all times, if Hatta requested them to do so, to help enforce military terms of truce but he did not think Hatta would be able to make such a request. He said it was still possible to form an interim government of all Indonesia with Hatta's full cooperation within framework of Netherlands amended constitution, but while this was within range of possibilities he was not sanguine.

He was deeply appreciative of Cochran's unflagging efforts to bring parties together and he hoped with Stikker's aid bring about an early and peaceful solution of the problem. He reiterated Netherlands viewpoint that responsibility rested heavily on them to resolve this problem without undue delay.

I was deeply impressed by his sincerity and determination to succeed and his full appreciation of magnitude of his task.

BARUCH

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501.BC Indonesia/10-3048 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET      US URGENT

BATAVIA, October 30, 1948—10 p. m.

957. Gocus 424. Arrived Jogja October 30, 9 a. m. Met by Republic delegation chairman Roem to whom I delivered copy Netherlands delegation letter 2473 dated October 28 (Gocus 422)<sup>1</sup> under cover following letter October 29 addressed Roem signed Cochran:

"I have honor to refer to your letter of October 21, 1948, in which you reaffirmed your desire to resume negotiations on basis of plan submitted by USDel in its oral note dated September 10, 1948.

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<sup>1</sup> Telegram 951, October 28, midnight, not printed, but see footnote 1, p. 437.



By a letter dated October 22, 1948, I transmitted a copy of your letter to acting vice chairman of Netherlands delegation for confidential information of his government. On evening of October 28, I received letter number 2473, bearing same date signed by acting vice chairman of Netherlands delegation. A copy of this letter is enclosed. You will note that Netherlands Government states that it is prepared to resume negotiations on basis of proposals of USDel, provided that the following are understood:

'(A) That no agreement can be concluded before satisfactory proof of effected [*effective?*] Republic measures to stop infringements of military terms of truce and to combat such infringements is obtained, and before appropriate measures are taken to implement economic terms of truce;

(B) That in order to promote purposes referred to sub (A) the Republic delegation agrees, beforehand, that these points will be the first to be discussed when negotiations are resumed;

(C) That if a solution regarding these points cannot be reached Netherlands Government will be forced to conclusion that negotiations to arrive at an overall agreement cannot have successful results;

(D) That negotiations commence within few days after receipt of this letter.'

The background of these ideas is set forth in the letter itself.

It will be noted the Republic delegation is called upon to agree that the first subjects to be discussed upon resumption of negotiations will be measures to be taken by Republic to stop infringements of military terms of truce and measures to be taken to implement economic terms of truce.

It becomes necessary therefore for me to inquire whether you are willing to confirm your understanding of the points set forth above and in particular to enter into the requested stipulation with regard to the order of discussions as a preliminary to resumption of negotiations on basis of plan proposed by USDel.

I shall be glad to transmit your reply to the acting vice chairman of Netherlands delegation."

Discussed foregoing one hour with Roem and one hour with Pringgo Digdo. Received by Hatta 12 noon. Discussed formal letter and Netherlands invitation to meet Stikker. Hatta agreed proceed with party to Batavia Thursday November 4 on GOC plane provided I procure Netherlands approval for amphibian plane which Hatta hopes charter from Philippines pick up him and party Batavia 2 days later and transport thence to Pajakomb near Bukittinggi. Hatta would thus be visiting Batavia on first leg of fortnight tour of Republic area Sumatra which he has planned for some time.

Hatta is obliged remain Jogja through Wednesday November 3 because important meeting that date. Above schedule would get Hatta and Stikker together middle of latter's anticipated 10 day stay Batavia. Hatta decision meant overruling some advisors keenly resentful treatment accorded Republic in matter Batavia house, hospital, immunities and evictees.

Hatta will take advantage concession granted by Schuurman orally (Gocus 423 <sup>2</sup>) and will not answer my letter transmitting Nether-

<sup>2</sup> Telegram 953, October 29, p. 439.

lands delegation letter October 28 until he has talked with Stikker.

Hatta promised speak as frankly with Stikker as he has talked with and written me on conditions and problems of Republic and also on assurances he can give and measures he can promise. He will endeavor clear up as much as possible of truce implementation in conference with Netherlands Foreign Minister and prepare for GOC opening negotiation soon USDel plan. He asked me suggest talks be directly between Stikker and himself without assistants. I am to keep Hatta informed of developments through Republic delegation secretary general Batavia.

Hatta spoke with me in regard to Communism. Said as head of democratic regime he had not seen fit outlaw Communism. Said he had however shown his determination to crush Communists led in uprising by Moscow-trained Muso. He said GRR [*FDR?*] now groups several minorities including some Tan Malaka Communists. Said he will crush any of these who follow example Muso group.

Talked subsequently with Leimena and Republic Foreign Minister. They and others mentioned above all consider Netherlands tactics play for time to prepare for military action and a means of occupying GOC with talks on truce while situation deteriorates further. They favor Hatta leaving no stone unturned to evince willingness and sincerity in resuming negotiations.

I telephoned Schuurman as soon as I reached Batavia. He called on me 7:30 p. m. I told him result my visit to Jogja. It was agreed I would confirm on Sunday by personal letter Hatta's acceptance of invitation and also travel plans. Furthermore I would include in this the fact with respect to my utilization of concession granted orally by Schuurman of which Hatta is taking advantage in not giving written answer until after meeting Stikker. Schuurman thanked me for intervention with Republic and for benefit of having note from me which he can show Stikker on anticipated arrival Batavia October 31, 2 p. m. Signed Cochran.

Sent Department 957; Department pass Hague.<sup>3</sup>

LIVENGOOD

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<sup>3</sup> This was done the same day.

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501.BC Indonesia/11-148: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

RESTRICTED

BATAVIA, November 1, 1948—8 p. m.

962. Gocus 425. Greeted Stikker and Blom upon arrival Batavia October 31, 9 p. m. Schuurman telephoned today 9 a. m. asking me meet alone with Stikker 11 a. m.

Meeting one hour with Stikker entirely cordial. He thought Indonesian situation so critical he should come personally to see what could be done although this ordinarily not considered within field Netherlands Foreign Minister. I expressed pleasure and relief that responsible Cabinet officer had arrived since I felt conditions had deteriorated during my three months here and crisis approaching. Stikker recalled my visit to Hague. I reviewed developments since then and summarized my own steps in language similar that used in second paragraph Gocus 406.<sup>1</sup>

In answer Stikker's question as to how relations had been with Schuurman, I replied they were cordial in spite of fact I did not hesitate to be frankly critical when press was carrying material attributed official or "reliable" sources which contributed to aggravation of situation and endangered success of negotiations such as Aneta report of this morning in regard to his own mission. Stikker said he had not seen this. I gave him my copy and stressed implication therein of his trip giving Republic choice of peace or war. (This report being cabled in clear as Gocus 426.<sup>2</sup>)

Stikker reacted violently to this report and asked whether it was official. I said it had all appearances of being issued by local government to Reuter and others. He said this put him at disadvantage immediately. I told him that material such as this has appeared at every critical point in our attempts to negotiate. Stikker expressed concern lest this report would make it difficult for Hatta to meet with him.

I reviewed recent steps in attempts resume negotiations. I said my final visit to Republic had not been easy but I was extremely anxious get Stikker and Hatta together. I said Hatta reacted favorably and desires meet soonest in spite objections of certain political elements to negotiations and of advisors to his going Batavia after incidents involving immunities, evictees, etc.

I told Stikker Department had informed me (Usgoc 145<sup>3</sup>) of his visit to Washington and of his statement of his government's firm desire to strengthen Hatta and thereby create conditions for eliminating communism in Indonesia. I said Hatta had done good job in crushing Moscow inspired Communists with poor means at his disposal and had only last Saturday told me he would similarly crush Tan Malakka Communists if they should follow Muso's example.<sup>4</sup> I said Hatta was best hope for Republican Government with which negotiations could succeed. I said I had been happy to convey to him invitation to meet since I was convinced Stikker was not coming to issue ultimatum.

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<sup>1</sup> Telegram 898, October 10, p. 402.

<sup>2</sup> *Infra*.

<sup>3</sup> Telegram 438, September 21, 5 p. m., not printed, but see footnote 1, p. 347.

<sup>4</sup> Telegram 978, November 5, from Batavia, not printed, reported the execution of the veteran Communist leader Alimin on November 2 (856e.00B/11-548).



Stikker said off record there were divisions within his own government. Admitted Catholic and rightist elements thought only military action would suffice while labor opposed military action in any circumstances. He said he was from center and had come to seek peaceful solution. I said I was convinced he could find peaceful solution if he would disregard prejudiced elements and genuinely try for basis understanding with Hatta. He thought meeting with Hatta might be decisive.

Referring to press conference he was to have in afternoon, he began jotting down phrases he might use to indicate purpose his trip is to find peaceful solution and that he desires to meet with Hatta toward this end. I urged speed in getting word to Hatta that latter's travel plans are approved and that conference can begin Thursday evening or Friday. Stikker said Schuurman had raised question with him about Hatta bringing to Batavia with him group not needed in conference here but desired for Sumatra trip. Schuurman evidently was suggesting arrangement to bring Hatta here alone to be followed by advisors later. I said I could guarantee GOC plane for Hatta and any party he might desire to have accompany him to Batavia and thought it wrong for receiving government to question composition his suite. I further doubted Hatta could accept different arrangement. I strongly urged Stikker overrule this local opposition as I assured him he would have to overrule many similar moves toward complicating his negotiations. He said he would discuss this at lunch with Schuurman and perhaps ask me to facilitate getting message to Hatta later in day. I said I would gladly help Schuurman pass arrangements through Sukarno to Hatta.

Stikker said he felt I might have had opinion in recent weeks that Netherlands were being overly stubborn. I said their stubbornness did not worry me but I was concerned lest confusion of issues and accumulation of conditions precedent might make resumption negotiations impossible or futile. I said I had criticized Netherlands position to Schuurman when I thought it unnecessarily delaying or unreasonably demanding. I felt crisis inevitable unless Netherlands delegation revealed better faith in resuming negotiations. Stikker said he had always understood my position. Added that only point which worried him was that Department of State said it approved my plan and would support it before UN. I reminded him that I had intervened repeatedly to prevent Indonesian question reaching UN. I said my plan had been what I felt fair middle course and that way had been left open both sides submit amendments for negotiations. I was still confident honorable agreement thereon could be reached. I thought it vital however that Stikker and Hatta clear up in their

conference issues on implementation of truce so that negotiations before GOC will be on USDel plan and amendments. He said he would do his best to achieve this. At same time he showed me chart revealing rise of "incidents" during past few months from low level reached just after *Renville*. I said some improvement could be expected if negotiations resumed but little likelihood thereof prior negotiations if atmosphere poisoned by press. I assured him chart would show heavy decline if Netherlands would accept Republic's willingness negotiate on my plan and if both parties then moved toward speedy agreement. Stikker said he felt solution must be reached in November and he was as anxious as I that it be a peaceful one. He felt, however, that US proclaim support my plan amounted to pressure. I repeated my assurances that I was most anxious to help in every way to reach solution locally and avoid possibility or need for Indonesia question to go back to SC. I reminded him of great pleasure I had in negotiating with Netherlands Government on tripartite monetary pact in 1936 and cooperating with them over several years on monetary questions.<sup>5</sup> Just as we had found common ground then in difficult financial times I was sure that if two of us worked together now we could find peaceful and honorable way out of present political impasse. Stikker said Indonesian question was a vital one for Netherlands, even more important for his country than Berlin is for United States. I said Netherlands could enjoy happy and profitable relations with Indonesia in future if it could agree now to peaceful settlement even though not one hundred percent Netherlands. I said costly chaos will result if peaceful settlement not reached soon. Signed Cochran.

Sent Department 962; Department pass Hague.<sup>6</sup>

LIVENGOOD

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<sup>5</sup> See *Foreign Relations*, 1936, vol. 1, pp. 535-565.

<sup>6</sup> This was done the same day.

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501.BC Indonesia/11-148: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

BATAVIA, November 1, 1948.

963. Gocus 426. Aneta news bulletin November 1 carried following story from Batavia:

"Dutch Government regards Indo Republic's reply to proposals for resumption of political negotiations after 5 month old deadlock as unsatisfactory, usually reliable sources said in Batavia last night. They said Dutch reaction had been conveyed to Republic Premier Hatta

Saturday when Cochran and Naryanan, general secretary of GOC, flew to Republic capital.

Same sources repeated statement made Saturday and later denied by Dutch spokesman at Hague that invitation also extended to Hatta by Dutch and Indo Provisional Federal Government to come to Batavia for important 'peace or war' talks with Stikker, Dutch Foreign Minister, who arrived here by air last night. They said invitation had been sent by Van Mook and it was inconceivable that he was acting without knowledge of Dutch Government.

Republic sources in Batavia also said Hatta had received Dutch invitation and was considering his reply. Proposals for resumption of negotiations were made informally by Cochran in 'oral note' to both Dutch and Republicans. Since then Cochran is believed to have given Republic amendments suggested by Dutch and Dutch request that Republic keep military and economic clauses of *Renville* Agreement providing for truce in Java and Sumatra. Later Mr. Cochran is believed to have transmitted Republic's reply and comments to Dutch authorities in Batavia. According to Dutch sources, truce is deteriorating alarmingly in west Java.

Stikker consequently was expected by well-informed circles here to tell Hatta that he was willing resume negotiations. At same time he would press for proof of Republic's capacity to fulfill truce before deciding if negotiations could have useful result.

A prominent Republican said here that if Stikker decided that Republic unable to keep truce provisions he expected truce agreement to collapse and Dutch army would probably march on Jocjakarta, Republic capital."

Signed Cochran.

LIVENGOOD

501.BC Indonesia/11-248 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

US URGENT

BATAVIA, November 2, 1948—11 p. m.

968. Gocus 428. Reference paragraph 8 Gocus 425.<sup>1</sup> Schuurman discussed with me 5:30 p. m. November 1 draft letter he proposed send me giving Netherlands delegation's objections Hatta's travelling Batavia with party and thence Sumatra. I said I had made best arrangements feasible for Hatta meet Stikker Batavia and would not go Jogja again for that purpose. He said he would consult Palace and kept letter.

Schuurman visited me 8:30 November 1. Said Palace meeting confirmed earlier decision re Hatta. Asked see Stikker and did at 10:30 p. m. I complained of characteristic Netherlands delegation complication of Hatta visit but insisted I thought it important two of them

<sup>1</sup> Telegram 962, November 1, p. 446.



meet in cordial atmosphere and offered assist further to that end. Stikker said he did not care who accompanied Hatta but rather than venture overrule NEI officials he volunteered proceed Republic to visit Hatta. Said if Hatta preferred come Batavia on special trip with necessary staff and return Jogja he would welcome him. On other hand said atmosphere might be more conducive fruitful conversations in Jogja than in Batavia. Asked I get word to Hatta in foregoing sense. Said success of his mission depended on obtaining first hand facts from Republic and trying with them to reopen negotiations. Said tell Hatta he would be available for talks with Cabinet advisors if Hatta may desire.

Stikker penned draft letter to me stressing desire to meet with Hatta without reservation either side and expressing "great appreciation for your patience to discuss possibilities for frank and open talk between Hatta and myself".

I proceeded Jogja November 2, 7 a. m. unannounced. Met with Roem, Leimena and Pringgo Digdo. Received by Hatta 11 a. m. They were all delighted with what they consider first semblance friendly approach from Netherlands official. Agreed that Stikker should come Jogja Thursday November 4 with any advisors desired and be lodged Kaliurang as Republic guest. Hatta left to Stikker issuance of statement on this visit. I told Republicans I could not anticipate character or outcome of conversations with Stikker but felt this approach merited cordial welcome.

Returned Batavia 6 p. m. Stikker at airport to meet me and express thanks. I called on him half hour later and reported results trip. He said he would immediately decide on composition party and follow my advice that communiqué be issued promptly to avoid any misunderstanding.

Riphagen delivered to me 8 p. m. preview text press release to be issued tonight and published morning third. This being sent *en clair* Gocus 429.<sup>2</sup>

8:30 p. m. Blom advised me party visiting Republic will include Stikker, Blom, Schuurman, Van Hoogstraten, Koets and Foreign Minister's Secretary Miss Van den Broek. I am arranging for GOC plane transport group to Jogja Thursday and return Saturday. Signed Cochran.

Sent Department 968; Department pass The Hague.<sup>3</sup>

LIVENGOOD

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<sup>2</sup> Telegram 969, November 2, not printed.

<sup>3</sup> This was done the same day.

501.BC Indonesia/11-448 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET US URGENT

BATAVIA, November 4, 1948—3 p. m.

975. Gocus 431. Herewith text personal letter November 3 from Stikker to Cochran mentioned Gocus 430:<sup>1</sup>

"Now it has been agreed official talk between Hatta and myself will take place tomorrow, I feel myself obliged, knowing nothing yet about result this meeting but convinced its major importance, to explain in strictly personal way why in my opinion there is some slight reason for hope.

I am aware that task of good officer in Indonesian problem is very difficult one and sometimes perhaps must give rise to despair. In my view reason is that real issue not being and cannot be decided in council room where delegations meet. It cannot even be decided by few cabinet ministers. Decisive influence lies where popular will is moulded; in democratic Netherlands, i.e. in our Parliament.

Now there is very important development in this respect.

Looking at different political parties in Netherlands, after liberation Holland, following analysis of their attitude as regards Indonesian problem could be forecast.

Catholic Party, moved by its conception of life and [apparent omission] its church which does not weigh importance of human acts by its immediate results but only takes in consideration eternal values, was certain to accept nationalist movement at its own value provided law, order and human rights were respected.

Labour Party, based on its principles and on practice its continuous defense of poor and weak, would certainly stand for and protect call for freedom of 'underdog'. Some enthusiasts with insufficient appreciation for realistic view might go too far even in opinion their co-party members but decisions would be clearly in favor nationalist movement.

Some parties of Protestant religious denomination could be expected to condemn every revolutionary movement accepting in principle ultimate aims of nationalism but criticising present leaders and doubting their capacities for heavy and unknown responsibility of full self-government. Last of all my own group, which although principle of liberty is its creed, is inclined to forget this principle and—being recruited largely from certain class—is of a very critical nature when law and order are disturbed.

Communists are of no importance and their negative and destructive attitude is not worthy to be taken into account.

Catholic and Labour Parties came into office with small majority in Parliament, too small to carry amendments to constitution.

I felt there was going to be sufficient majority in my country to solve in generous way Indonesian problem and to give freedom which was asked for, a change in attitude had to come from opposition parties.

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<sup>1</sup> *Infra.*

During occupation of Netherlands we learned something about real values of life and personally I, more than ever before, became convinced that freedom if accompanied by responsibility and tolerance is first requisite of human existence and community of men.

Starting from that point of view there were two problems which gripped my imagination and being of practical nature I felt myself urged to study and if possible help solve difficulties around these two problems.

One was relations between capital and labor, between employers and trade unions, and it might interest you to know that after 2 years of careful planning I succeeded in convincing responsible officials that only solution for social problems after war in our poverty stricken country would be found in one joint organization, foundation or to speak in words which are more used in terms our present policy in Indonesia a 'union' of all employers and trade unions. This vision led to success and in this union of two equal parties who share responsibilities we have been able fight together against inflation and strikes and this is background for our quick reconstruction.

Other problem was Indonesia. By careful maneuvering I succeeded to convince my party and I believe as a consequence thereof also one of other religious parties which is not as dogmatic in its fight against revolution as anti-revolutionary party that new methods had to be followed, and that freedom had to be handed to millions of Indonesians. Only recently Netherlands Parliament demonstrated their deliberate intention to go that way.

Have always tried to keep out of political responsibility but since it became known what influence I had tried to exercise this could not be prevented any longer. Now I am here as consequence my own policy. Netherlands are ready and it only depends on Republic officials. What are their real intentions, can I convince sufficient number of them of our good will and if so will they be able get sufficient support?

Time has run out, we cannot wait any longer for solution but I intend make final effort to convince the other side of our sincere intentions. May God give me strength to succeed."

Signed Cochran.

LIVENGOOD

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501.BC Indonesia/11-448: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET US URGENT

BATAVIA, November 4, 1948—4 p. m.

976. Gocus 430. Australian Consul General called November 3 prior departure Australia on leave. Inquired status negotiations. I gave general background and particulars on Stikker's visit Republic. I stressed importance these conversations removing impediments to resumption negotiations within GOC on US Delegation plan. Emphasized urgency of preventing military action in meantime. Favored strongly entrance Republic in USI on honorable basis and opposed



encouraging Republic toward autonomy and resultant division Indonesia. In response Consul General's confidential question as to what he should say if his government asks about Critchley remaining on GOC, I said I had refrained from making any suggestions thereon when question had arisen at Hague. Said our relations entirely cordial and I was sure Critchley with his background could be most helpful if negotiations actually come soon. I ventured thought, however, that if GOC's stay in Indonesia promises extend over many more months, it might be well consider replacement principally because of fatigue. British Consul General also called. I brought him to date on above lines and also gave him substance Department's memorandum of conversation October 18 between Lacy and Graves.<sup>1</sup> Consul General repeated his desire be of assistance but revealed pessimism over outlook principally because of extensive powers Beel has under new Hague legislation and pressure being brought for strong action.

At noon met Beel on arrival and extended best wishes.

At 5:30 p. m. was received by Blom alone in palace. Said I was happy Stikker and he came to Java since I was sure they could help overcome tense situation. I was especially glad Stikker had volunteered go Jogja and hoped direct meeting between Stikker and Hatta would do much clear up problems reimplementation truce, et cetera, and permit real question of political settlement come before GOC for negotiation without conditions precedent thereto being placed in lap of GOC. I asked Blom pointedly if Netherlands still anticipated there be negotiations in GOC. I said official utterances from Hague and statements Batavia had not mentioned this procedure lately. I said impression gained that Hague Government was proceeding with Bandung plan and would soon close door to Republic or leave it so narrowly open Republic could not squeeze in. Furthermore, fear had arisen lest press campaign against Republic and Stikker coming to Java meant ultimatum would be issued Republic that would result police action unless certain requirements met. I said I realized Netherlands might easily ask proof implementation of assurances that could not possibly be achieved in few days but I hoped Netherlands would not accept this as justification for military action.

Blom insisted it was intention to negotiate within GOC. Said Cabinet was insistent upon conditions set forth in Netherlands Delegation note October 28 with respect to truce. Said Bandung door not being closed. Said legislation still in formulative state and could be revised to meet requirements for Republic.

Blom and I talked over documents discussed on his visit Washington July and my visit Hague. I told him why I went ahead with US Dele-

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<sup>1</sup> Memorandum not printed.

gation plan in early September. I particularly stressed that helpful thinking we had expected from Hague had not come forward. On contrary, Hague failed accept my suggestion made to Schuurman that proposed legislation for Bandung be made available to Republic through GOC and Republic's opinion thereon sought. I said progress since then had been slow principally because of adamant position taken by Netherlands Delegation. Expressed strong hope Stikker-Hatta conversations would permit quick undertaking of negotiations within GOC on US Delegation plan.

Blom asked whether I thought Hatta could get required support his government to permit him carry out any agreement he might make with Stikker. I was convinced Hatta would have required support for any agreement reached which will permit Republic enter honorably into USI. I said Sukarno and Hatta sincerely desirous entering USI soonest provided conditions they have set forth in speeches adequately met. I told him I encouraged Sukarno and Hatta agree enter negotiations on US Delegation plan toward that end. Had assured them of friendly forum where amendments from both sides could be submitted and discussed. Told them I would do my best see they received fair treatment but would not support any unreasonable position either party. While I was convinced Hatta and his government would react favorably to any propositions Stikker might advance looking toward peaceful and honorable entrance Republic into USI, I was equally convinced contrary reaction would result if Stikker applied direct threat police action or otherwise attempted force quick decision on unfavorable terms or posed unreasonable conditions for implementation truce. I told Blom I admired greatly attitude Stikker had shown and felt confident he himself would make as friendly approach to Republic as possible in present serious situation. Reminded Blom, however, that Stikker's attitude is quite different from that of Netherlands Delegation and some advisors accompanying Stikker to Jogja.

I told Blom frankly that I became convinced recently that there was genuine threat police action on part Netherlands authorities and had telegraphed such fears to my government. Said part of this impression came from reports which I received from various capitals, some from Dutch press both in Netherlands and Indonesia, some from statements issued by local military authorities and some from information gained directly from local sources. I had thought until recently that any planned military action out of question and hoped that I was now wrong in fearing such action might be imminent.

Blom told me how seriously his Government looked upon recent reports of infiltration and incidents. I told him I saw considerable

material on this situation and on Netherlands fears of Communism in Republic when I was in Hague. Said they had not seen fit to publish this at that time. Now they have accumulated more and have begun propaganda campaign there which might be used in attempt justify military action. I thought it unfair attribute all these incidents in Netherlands-controlled territory to Republic. Said Republic itself had done good job in crushing Muso-led Communist uprising without help from Netherlands. I said definitely two sides to question. GOC had just recently been obliged call attention both parties to violations of *status quo* line and to utilization of press in commenting upon conditions or developments in other's area which were conducive to unrest. I referred to increased number hot pursuits into Republican territory without compliance with truce regulations thereon. I told what bad effect on Republic was caused by issuance Batavian Military authorities of detailed bulletins on military and political situation in Republic.

I urged Stikker and Blom obtain as full information as possible in Republic itself and not be guided too extensively by written material already submitted from Indonesia to Hague or which is fed them there by group of men, considerable number of whom definitely known to favor early military action. I said Hatta could give explanations about Communist groups fleeing across *status quo* line from Republic or Republican deserters crossing or West Java former soldiers returning to homes, or Lascar and other fighting groups roaming on both sides of border, et cetera. I said it was not my job pass on authenticity of documents taken from such men by Netherlands officials or otherwise judge where blame lies. My interest solely that of good officer who felt it had been urgently necessary for one or two cool officials of responsibility to come from Netherlands and review conditions objectively and talk with Republican authorities frankly before situation got out of hand completely. I ended by saying I thought military action by Netherlands forces might quickly result in capture Republican territory in Java but would set off scorched earth and guerrilla war which would last indefinitely and be beyond power of any army which Netherlands can afford for purpose of stopping it. Pictured catastrophic results.

Again Blom reverted to question as to how far Hatta's Government would support him and whether I thought fundamental Netherlands position could be maintained in GOC negotiations. I said I considered US Delegation plan a middle course; that Netherlands Delegation had submitted amendments which practically rewrote plan; and that amendments were being prepared by RepDel. I said negotiations would be difficult but I thought fair agreement could be reached pro-



vided neither side expected 100 percent of its demands. I made it clear, however, that I had not suggested compromise points to either party and thought that possibilities should await formal negotiations within GOC. My hope at this stage was that Stikker and Hatta would go as far as possible toward clearing up conditions considered precedent to undertaking negotiations before GOC on US Delegation plan. I told Blom that I hoped to see him when he returns from Republic and would be glad have Scott and Lisle with me whenever he desired discuss details of plan and GOC negotiations.

At 11 p. m. Stikker's Secretary delivered personal letter from him transmitted in Gocus 431.<sup>2</sup>

Today 7 a. m. saw Van Mook depart for Netherlands and Stikker and party leave for Jogja. At airport had another talk with Stikker. Advised strongly concentrate on personal talks with Hatta alone since I feared latter would be reluctant in presence those advisors belonging to Batavia group. Stikker assured me he intended to do this and make every effort toward successful conference.

GOC issued communiqué published press today calling on Netherlands and Republic for strict observance of truce agreement, particularly in regard crossings *status quo* line by armed units and in regard broadcasts and press releases which might needlessly create misunderstanding and tension between parties.

Aneta bulletin today reports from Macassar that Premier East Indonesia says Republic has place in projected USI and his government is striving remove all obstacles. Signed Cochran.

Sent Department; Department pass The Hague.<sup>3</sup>

LIVENGOOD

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<sup>2</sup> *Supra.*

<sup>3</sup> This was done the same day.

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501.BC Indonesia/11-548: Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

SECRET      US URGENT

WASHINGTON, November 5, 1948—7 p. m.

558. Usgoc 189. The next two following telegrams contain respectively telegraphic text *aide-mémoire* which Dept could present at proper time to Neth at high level in this or modified form if circumstances require it. Second sets forth text of possible telegram embodying remarks to be made in presentation *aide-mémoire*.

Dept requests your frank comments and suggestions.

For its part, Dept would be most reluctant to make representations of this character as member of Good Offices Commission in support

of plan which is not yet subject of discussion by entire GOC. In any case it would prefer to make any such representations after negotiations have been undertaken under the aegis of the GOC for purpose of achieving final political agreement rather than achieving a basis for negotiation since by such action it will have largely consumed its efficacy in intervention.

At same time Dept concerned to avoid, as you are, prejudicing favorable outcome Stikker-Hatta conversations at Jogja. Dept awaits your report on outcome of Stikker-Hatta conversations and your suggestions re timing of any *démarche*.

It occurred to Dept that if Dutch cannot be fully moved from position to initiate GOC negotiations by discussion of truce violations, some such device as simultaneous convocation two committees the first to negotiate terms of final political settlement and the second concurrently to negotiate satisfactory resolution problems raised by truce violations, might be employed.

LOVETT

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501.BC Indonesia/11-548 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

SECRET

US URGENT

WASHINGTON, November 5, 1948—7 p. m.

559. Usgoc 190. Following is *aide-mémoire*:

“1. Agreement Neth and Repub Delegations resume negotiations basis draft agreement submitted informally Sep 10 by US Rep GOC provides occasion for statement views US Govt on situation now confronting parties to dispute.

2. In accepting US draft agreement as basis negotiation, NethDel not only reserved position respect underlying principles draft agreement but on behalf Neth Govt attached further qualifications its acceptance which in effect reject substance draft agreement.

3. View this Govt, decision by either party not accept fundamental pattern draft agreement as basis agreement with other will, if such decision final, call into serious question ability GOC perform any further useful function and entail consequences serious character.

4. US Govt accepted only with reluctance nomination as third member GOC, anticipating essential task endeavoring reconcile far-reaching differences between parties could not by very nature be performed to entire satisfaction either party.

5. Three Reps US who have successively served with GOC have contributed utmost to assisting Neth and Repub achieve mutually acceptable settlement. Should it develop that sum their efforts is in-

sufficient bring about such settlement, US Govt will have no choice but reconsider position.

6. US Reps GOC together with other neutral observers whose opinions this Govt has reason respect have come to identical conclusions regarding Indo problem. These Dept State may venture recite as follows. (1) Welfare Indonesia vitally dependent continued availability to Indonesia experience and judgment and technical and administrative proficiency of Dutch. (2) In long run Neth influence and economic stake Indonesia will be proportional confidence and good will accorded Dutch by Indo people. Preponderant desire Indo peoples govern selves finds chief expression in Repub which must be considered not as geographical concept but as political force.

7. View this Govt, draft agreement offered by US Rep embodies in broad outline concessions which should be made to nationalist movement if peaceful settlement to be achieved Indonesia and nationalist movement not be deflected into direction inimical Neth and Western world in general. Within framework *Renville* principles, draft agreement takes account two outstanding realities. (1) It recognizes that commitment on part Neth transfer sovereignty Indonesia early date essential if nationalist movement to be satisfied and that any delay such transfer beyond that required in making practical arrangements for reconstituted governmental structure will imperil gains to be made by eventually affording such satisfaction. (2) It recognizes that if interim period to be harmonious one and future sovereign Indonesia not fall heir unresolved and dangerous conflicts, interim administration to which powers govt will be transferred as precedent to grant sovereignty must be nearly as possible truly representative Indo people and soon as possible be vested with complete governmental responsibility.

8. Connection foregoing, certain comments may not be out of place. (1) Draft agreement recognizes sovereignty is indivisible. Ultimate and final authority Indonesia must be exercised either by Neth Govt or by an Indo govt. Provisions Statute future Neth-Indo Union of advantage Neth interests, as incorporated US draft agreement, can be put into effect and maintained in effect only through supreme power exerted by Neth or through willing agreement future Indo govt. Retention by Neth of such supreme power, however indirectly and beneficially exerted, would mean sovereignty had not in fact been transferred and would merely postpone and probably exacerbate conditions of settlement with nationalist forces. It follows therefore that fulfillment provisions Union Statute must arise from free consent Indos. US Govt has shared conviction its Reps GOC that the greater the frustration of nationalist forces resulting from delay attainment



final settlement, the less prone future independent Indonesia would be acknowledge and welcome relationship interdependence with Neth. (2) US draft agreement envisages creation representative Indo govt through instrumentality Indonesia-wide elections, which constitute only means yet suggested of determining who are in fact to be considered true reps Indo people. Manifestly, parties quite unable agree what body Indos should be considered representative. For parties each designate reps from areas they control at present would be inadmissible since Truce Agreement, under which Java-Madura-Sumatra divided between areas under control Neth and areas under control Repub, was accepted only on condition rights, claims and positions parties not prejudiced, which preserves unimpaired Repub's claim speak for populations territories it lost under Truce Agreement. US Rep in putting forward draft agreement considered that through the guarantee absolute secrecy ballot, which he believes could be achieved with assistance observers under direction GOC, possibility effective intimidation electorate could be largely eliminated. This connection, must be stated that while Repub reluctant surrender powers it exercises to interim govt in which three-fifths delegates would be elected from areas under control Neth, as envisaged US draft agreement, successive US Reps convinced Repub willing abide results absolutely free election.

9. In Dept understanding, Neth objects US draft agreement mainly in that it calls for elections before establishment fully formed interim govt and transfer full powers self-govt to Indo people soon as interim govt organized receive them. Neth contention that no election can be held until law and order reestablished throughout Indonesia implies employment non-Repub forces for this purpose in territories now controlled by Repub has made clear it will fight before surrendering police functions it exercises to Neth controlled forces. In Neth concept, interim govt would assume exercise decisive powers over Repub, while in interim govt itself ultimate power critical issues would be reserved Neth rep. The Republic has again made clear it will fight rather than accept such arrangement.

10. Policies pursued by Neth have rightly or wrongly convinced Repub Neth intention is render powerless Repub elements which will not compromise on objective early attainment independence by Indonesia and create Indo state in which Neth would indefinitely retain determining voice. Openly expressed attitude Neth Govt and Neth press toward Repub Govt has given substance to fears Neth does not regard the Repub leadership as element upon whose good will Neth will have depend for preservation its interests Indonesia in future but that it considers future influence this leadership may safely be dis-

counted. This consideration acquires added significance view fact that in consensus neutral observers Repub leadership would dominate in Indonesia if various political elements allowed find own equilibrium and that indeed an independent Indonesia could scarcely survive without participation Repub movement which includes most those able, experienced and politically forceful Indos who have so far actually borne full responsibilities govt.

11. It reported by US rep GOC that NethDel has questioned value any agreement with Repub Govt on grounds that Govt unable or unwilling carry out commitments, citing as evidence repeated violations Truce Agreement which charged against Repub and which constitute source natural concern Neth. It may however be of some value recall that following signing this Agreement and acceptance by both parties *Renville* principles adherents Repub were persuaded Neth intended expeditiously as possible set up self-governing Indo organism in which Repub would have full opportunity carry due weight and that at this time degree compliance with truce achieved which on whole surprisingly satisfactory, view all circumstances. In subsequent months, however, with establishment permanent states in territories given up by Repub under Truce Agreement, failure truce substantially better Repub's trade position, and limitations Repub considered placed upon opportunities afforded its sympathizers assemble and organize politically in Neth-controlled territory, confidence Repub elements had initially felt became dissipated. It possible that restoration this confidence would bring return favorable conditions of March and April 1948.

12. It however by no means intention this Govt attempt pass judgment respective merits Neth and Repub cases. This Govt has in mind only pointing out what it believes will be practical consequences final Neth decision reject US draft agreement as basis settlement and proceed along course set in consultations Bandoeng group.

13. In default concrete progress political settlement it appears evident truce Indonesia cannot endure much longer. It abundantly plain present Repub Govt, which has been able offer supporters neither satisfactory settlement nationalist issue nor amelioration deteriorating economic condition Repub-controlled territories, already experiencing increasingly serious difficulties controlling extremist elements. Further weakening Repub Govt under stresses to which it subject can only further impair its ability hold adherents in line and result in intolerable conditions demilitarized zones which truce will scarcely be able withstand. Resumption hostilities, which is believed likely eventuate from present Neth position, cannot our opinion lead lasting settlement Indonesia.



14. In any general conflict it not doubted Neth military forces would be able capture all Repub centers Java and all but most remote Sumatra in matter few weeks or even days. It doubtful however any issue will be settled by such quick successes. Concurrent development will probably be destruction substantial proportion Neth properties Repub-controlled territory by retreating Repub forces as part general scorched earth strategy for which Repub has made preparations. Repub potential guerilla warfare cannot yet be known. At same time it believed that revolutionary groups however split up will long run be able utilize weapon sabotage decisive effect, that by destruction factories, plantations and transportation facilities, by assassination estate personnel and intimidation workers, revolutionary forces will be able cancel profits which might normally accrue from Dutch-owned and foreign-owned properties and transform Indonesia from economic asset Neth to ever more costly liability. Such outcome could seriously deplete resources Neth and tend nullify effect appropriations made Neth and Indonesia under ECA.

15. Physical assets Neth Indonesia, precious as they are to European recovery, would not be only assets lost. Good will Indo people must in course struggle be replaced by bitterness and enmity toward Europeans and nationalist movement become ever more uncompromising in program, perhaps turning Communist channels.

16. Present moderate and anti-Communist orientation Repub Govt would appear afford most promising basis upon which build future Neth-Indo amity. Developments since Communist uprising Madioen would seem emphasize great desirability strengthening this Govt and encouraging it pursue policy cooperation with Neth and West as whole. Any change leadership nationalist movement can be only in direction adverse Neth and Western interests. Hatta Govt, our opinion, may offer last opportunity settlement Indo dispute in which legitimate interests both sides could well be preserved and enhanced.

17. US draft agreement offered with view encouraging both sides take this opportunity. Should Neth Govt in absence any other solution agreed to with Repub reject substantive content, it must be supposed dispute will be referred SC. In such eventuality US will make clear in SC its position that draft agreement offered by US Rep fair and practical basis settlement fully consonant *Renville* principles.

18. Should US Govt this or any subsequent stage conclude it has made without avail full contribution of which it capable to settlement Indo dispute through agency GOC, it would perforce consider its resignation from GOC in order.

19. In event US Govt should dissociate itself from GOC, it would regard itself no longer bound by restraints heretofore imposed by



membership GOC and would feel at liberty consider other possible and appropriate means preserving common interests Western nations in situation which threatens develop their detriment. However lest any doubt arise this score it should be made clear in any reorientation Dept thinking respect Indo situation there will of course remain as fixed point its recognition necessity safeguarding and furthering progress made toward economic recovery and unity Western Europe.

20. Further goes without saying consequences marked deterioration Indo situation would not be confined Indonesia or even Far East, although they would certainly tend that area intensify anti-Western trends. ERP presented Amer electorate with manifest warrant as means preserving ideal and reality freedom. In allocation funds under this program decisions Reps electorate in Congress final. What decision US Congress would be with regard allocation funds Indonesia should Indo situation develop such way as apparently preclude likelihood peaceful settlement cannot be known until question arises. However, this Govt would be lacking frankness if it failed point out that attempt on part Neth resolve issue Indonesia in manner which had appearance denying concerted aspirations Indo people for independence would come as profound shock Amer people.

21. Must not be forgotten that establishment ERP and analogous undertakings involving assumption large international commitments by Amer people represent signal departure from nation's traditional policies. Decision embark this role made only after long consideration by Reps people and at cost many misgivings. The decision possible only when Amer people convinced cause human freedom and own security at stake. Would again be unfair not call attention fact certain aspects ERP currently being reviewed Congressional circles from standpoint relation between these aspects program and objectives program intended achieve and further that with recent increase tension Indonesia, basis upon which allocations made Indonesia in particular being critically examined. Should events Indonesia foreshadow large-scale disorders it more than possible disposition would arise not only suspend further allocations Indonesia but even question end gains to be made by allocations Netherlands present scale. Must be reemphasized final determination policy this field not within province Dept State.

22. For these reasons US Govt earnestly hopes Neth Govt will find itself able accept broad outlines US Rep's draft agreement as pattern settlement with Repub and that negotiations may be continued on understanding their object is not substitute wholly different design but effect such alterations as may be agreeable both sides or as GOC may be convinced are reasonable and advantageous, and with assurance both sides mean carry out in cooperative spirit undertakings entered upon.

23. Neth Govt will understand that Dept State in presuming upon long and tested friendship in expression these frank views is seeking only dissuade Neth Govt from course action which while undertaken with most unexceptionable motives could result weakening newly emerging Western European structure to lasting disadvantage component nations."

LOVETT

501.BC Indonesia/11-548 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

SECRET US URGENT WASHINGTON, November 5, 1948—7 p. m.

560. Usgoc 191. Following is possible text embodying remarks to accompany *aide-mémoire*:

"In your remarks accompanying presentation *aide-mémoire*, I believe it would be desirable you address Neth Rep in following vein:

"1. My request see you is result development serious situation.

"2. At outset, I should like dispel any doubt that my Govt in relations with yours will be guided by any other motive than its recognition primary necessity safeguarding and furthering progress toward economic recovery and unity Western Europe. Therefore, insofar as carrying out this policy comes within province Dept of State, I may assure you that any deviation from that aim is not contemplated.

"3. Alarming situation of which I spoke is of course that which has arisen Indonesia.

"4. Views my Govt this situation are set forth in *aide-mémoire* which I now hand you.

"5. I would add to contents *aide-mémoire* the observation that Netherlands, with centuries experience in international affairs and in eminently successful conduct of Govt, can hardly expect new political organism like Repub Indonesia to be equally capable long range vision and equally capable of recognizing and rejecting purely emotional considerations in favor considerations real and permanent importance. Therefore in order forestall developments in Indonesia likely be most detrimental interests Western world it appears incumbent upon Neth make every effort appreciate very real situation confronting Repub and hence also confronting Neth itself. This requires first, in view my Govt, Neth Govt's making concessions peripheral matters in interest reaching final political settlement.

"6. Importance reaching settlement Indonesia this critical stage developments in world, involving as it does strategic interests of Western powers in Southeast Asia, must be apparent to you and cannot be overemphasized by me.

"7. Granting many weaknesses of Repub regime to which Neth Govt has so often drawn our attention, my Govt cannot but believe that no better regime will arise within territories at present controlled by Repub. Neth Govt's failure reach a settlement with Hatta regime will undoubtedly result in collapse that regime, leaving extremist and possibly Communist elements in ascendancy in nationalist movement and in control Repub. US Govt cannot believe that the Neth Govt desires contribute to situation in which genuine nationalist movement in Indonesia would be subverted by Communists and Neth be faced with impossible alternative of dealing with such regime or of attempting liquidate it by force.

"8. Should Neth maintain position it has taken with respect substantive and procedural aspects negotiations, early breakdown negotiations, even if resumed, appears inevitable. In such case, it seems clear that the Neth will receive unfavorable publicity in the US. I would be lacking in frankness if I failed to point out that such publicity would adversely affect Neth interests and might have its effect upon ERP allocations and upon future congressional appropriations under ERP.

"9. Obviously the unconscionable amount of time already consumed in the attempt to find a basis of an agreement has already seriously impaired the atmosphere in which this agreement must be sought. Another suspension negotiations will doubtless cause Repub to report to SC final failure reach political settlement under GOC.

"10. In any SC debates on Indo dispute, US Govt will make clear its position that the draft agreement submitted by US Rep on the GOC is a fair and practical basis for settlement, fully consonant with the *Renville* Principles.

"11. Should US Govt at this or any subsequent stage conclude it has made without avail full contribution of which it capable to settlement Indo dispute through agency GOC, it would perforce consider its resignation from GOC in order.

"12. In event US Govt withdraws from GOC it will consider itself as having recovered complete freedom action respect its immediate and ultimate position in dispute between Repub Indonesia and Govt Neth."

LOVERT

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501.BC Indonesia/11-648 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET US URGENT

BATAVIA, November 6, 1948—5 p. m.

983. Gocus 434. ReDeptel 536<sup>1</sup> to Consulate General and USDel seeking opinions on ECA program for Indonesia totalling \$84 million.

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<sup>1</sup> October 28, not printed.



Reference Department's confidential publication 3480.56, October 20, 1948<sup>2</sup> and particularly summary on page 1 and details given pages 6 to 12 of political implications of ECA aid to Indonesia. Department has herein analyzed much better than I could: utilization ECA funds for benefit Netherlands-controlled territory only; consequent disparity between economic conditions of Netherlands and Republic areas; deterioration of economy and crumbling of social structure in Republic resulting from lack of trade and financial support; strengthening of economic, political and military position Netherlands through ECA aid; reflection on US political neutrality when ECA helps one party only; encouragement Netherlands intransigence toward GOC negotiations; and support for Netherlands military action.

In penultimate paragraph Gocus 423,<sup>3</sup> I expressed fear police action and thought we might have to consider cutting off financial assistance to NEI in effort prevent this. Subsequent developments confirm basis for concern and increasingly lead to conclusion Netherlands Government may resort to important military action shortly. This might follow Stikker's return to Hague and be based on alleged need cleanup situation attributed to Republic and beyond latter's control. It might conceivably be deferred until USI set up without Republic therein, presumably by January 1. Action might then be attributed request of USI to line up rebellious Republic.

My conversation with Blom (Gocus 430<sup>4</sup>) evoked no denials of possibility of police action. I was also convinced by this talk that Netherlands Government had not weakened in its determination settle Indonesian question on its own terms as set forth when Blom visited Washington in July. He was obviously unhappy over policy I have pursued here and resented references I pointedly made to literary and statistical efforts Netherlands army. With Stikker coming here I did more than would ordinarily be expected to get him into conversations with Republic in best possible atmosphere, although I constantly realized his mission might be to issue ultimatum. When I learned Van Mook setup for party of advisors to accompany Stikker included such rabid anti-Republicans as Schuurman and Hoogstraten I prepared for worst. In Gocus 432<sup>5</sup> I urged Department immediately intervene with Netherlands Government toward opposing police action any sort against Republic. First radio and press reports of visit Stikker party to Republic indicate mission may have aggravated situation rather than give hope for peaceful settlement.

Unless Netherlands Government gives Republic chance enter USI honorably and peacefully, I fear conflict inevitable with long period

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<sup>2</sup> Not printed.

<sup>3</sup> Telegram 953, October 29, p. 439.

<sup>4</sup> Telegram 976, November 4, p. 453.

<sup>5</sup> Telegram 977, November 4, not printed.

guerrilla warfare and scorched earth. This would work directly in opposition to ECA policy encouraging production and export important materials. Furthermore it would increase present heavy strain on Netherlands Government to maintain fighting and police forces in Indonesia. Continental Netherlands itself practically demilitarized with all fighting forces in Indonesia and thus constitutes weak link in Western Union.

No one could have come to Batavia with more friendly attitude toward Netherlands than I did. Any suggestion that failure to reach agreement here has resulted from clash of personalities, as suggested in Hague's A-839 October 22,<sup>6</sup> repeated Batavia as telegram 557, is completely misleading. While Netherlands Government has been represented in its negotiations here by difficult persons in Vredenburg and Schuurman, with Van Mook in background, there is no doubt but that they have acted strictly upon detailed instructions from responsible government officials in Hague. I have maintained cordial relations with Netherlands officials in spite vexatious situation and repeated opportunities afforded for misunderstanding. I have not failed, however, to be both frank and firm when I thought circumstances required. I do not attempt to explain what may be or cause differences in presentation Netherlands policy at Hague, Washington and Batavia. If, as Stikker indicated his personal letter November 3 to me,<sup>7</sup> settlement Indonesian question rests with Netherlands Parliament, Embassy Hague will have advantageous opportunity use good offices there toward desired peaceful arrangement.

I am conscious Department reluctance take any action which might result charge improper pressure on Netherlands Government. I feel, however, we have responsibility not to put US funds into Netherlands colonial enterprise involving suppression militarily of truly nationalistic aspirations. Furthermore I am convinced moral suasion or mere threat sanctions by military would be less effective than simple procedure US Government telling Netherlands Government at high level that no more financial aid of any sort will be forthcoming if police action taken against Republic and as long as Netherlands fails consummate settlement through GOC permitting Republic enter USI honorably and peacefully.

Detailed report of Stikker's visit to Republic will be cabled soonest after seeing Stikker or member party due Batavia this evening. Believe Department should, however, have foregoing for consideration in event it is confirmed that Stikker mission offers no favorable prospects for settlement Indonesian question. Signed Cochran.

LIVENGOOD

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<sup>6</sup> Not printed.

<sup>7</sup> Telegram 975, November 4, p. 452.



501.BC Indonesia/11-648 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET      US URGENT

BATAVIA, November 6, 1948—11 p. m.

984. Gocus 435. Met GOC plane from Jogja 5:15 p. m. Minister Stikker and secretary were only ones of his party to return. Immediately upon landing he asked we make GOC plane available for him return Jogja Sunday morning and possibly bring his party back Batavia Monday. This was agreed. Stikker told me atmosphere had been good and he was not without hope. He refused any comments to press.

Republic delegate Supomo also came from Jogja and will return tomorrow. He came to see me 6:30 p. m. Supomo handed me Republic delegation formal reply to my letter October 29 transmitting Netherlands delegation letter 2473 of October 28. (Gocus 422)<sup>2</sup> This letter being transmitted under Gocus 436.<sup>3</sup>

Supomo summarized conversations to date. Said Stikker has not sought discuss infiltrations and violations of truce but has let it be known that order would have to be restored. Stikker presented latest Netherlands-Bandung draft proposed legislation for interim government and sought discussion thereon. Republic officials had not previously seen this document and were consequently not prepared. Nevertheless discussions were undertaken and are being continued over weekend by Stikker's staff.

Supomo states Stikker seeking get Republic agree enter interim government above draft plan which he insists is subject to modification to accommodate Republic. Hatta willing to see how far two parties can get together now in these discussions but insists formalizing of preliminary agreements and reaching of final settlement must be within GOC.

Supomo said negotiations so far have revealed readiness Netherlands delegation to change 3-man directorate under Bandung plan to cabinet along USDel plan. Republic delegation yielding in turn toward postponing elections 6 months with understanding they would take place in July and constituent assembly then be set up accordance USDel plan. Netherlands delegation would require restoration law and order before elections. No discussion yet as to who shall decide when peaceful conditions exist. Agreed there should be date fixed for transfer of sovereignty to USI, upon fulfillment certain conditions.

Members of interim government would be selected by agreement between Republic Prime Minister and Crown Commissioner. Govern-

<sup>1</sup> Repeated in telegram 569, November 8, 6 p. m., to The Hague.

<sup>2</sup> See footnote 1, p. 437.

<sup>3</sup> *Infra*.



ment would have to be nationalist in character. Selection would be based on capacity and popular support.

Interim government would have internal *de facto* powers. High Commissioner would have restricted veto authority, including acts contrary to this agreement. Republic will insist on detailed understanding of provisions of union statute.

Supomo said Netherlands delegation willing permit continuance Republic foreign service during interim period provided it work in conjunction with Netherlands foreign service. Supomo thinks no difficulty on this. Were important discussions on retention TNI by Republic and on authority Crown Commissioner control armed forces in interim period.

Supomo asked if I objected Republic yielding on election date different USDel plan. I told him I did not. I said I favored two parties agreeing now on as many points as they can, provided there is no duress, and with understanding Republic does not yield its right to negotiate within GOC. Supomo said Republic desires GOC be continued throughout interim period which, with elections delayed 6 months, would presumably last at least 6 months thereafter. Netherlands delegation argued against bringing GOC into picture and have not yet agreed to continuation after political settlement signed. Supomo encouraged by progress so far. Atmosphere of discussions pleasant.

Pringgo Digdo sent me summary report of conference schedule and of topics discussed. He stressed that talks had not concerned USDel plan or Netherlands delegation letter October 28. He said some results obtained on important points and Netherlands willing alter their draft legislation to have Republic in interim government soonest. Said Republic will insist on formal negotiations under supervision GOC toward political agreement. Pringgo Digdo asked that either Critchley or I come to Jogja at once. I told Supomo tell him neither of us should interfere while negotiations in course directly between parties outside GOC. Supomo agreed. Critchley concurs.

Pringgo Digdo said Netherlands delegation has not denied possibility police action after creation interim government if Republic fails enter. While I sincerely hope negotiations toward above objectives, which are still in very formative stage, will lead to success, I urged Department have in mind recommendations made in Gocus 432 and 434.<sup>4</sup> Signed Cochran.

LIVENGOOD

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<sup>4</sup> Telegrams 977, November 4, not printed, and 983, November 6, *supra*.

501.BC Indonesia/11-648 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET      US URGENT

BATAVIA, November 6, 1948—midnight.

985. Gocus 436. Following is text letter 39/K/IV dated November 3 signed Roem addressed Cochran delivered me 6:30 p. m. November 6 by Supomo:

"Referring your letter October 29 to which was attached copy of letter of Vice Chairman Netherlands delegation 2473 under date October 28, I have honor to inform you of following.

Republic delegation is gratified to read from letter of Mr. Elink Schuurman the repeated assurance that Netherlands delegation is anxious to resume political negotiations in shortest possible time.

We are equally gratified to learn of desire as expressed in letter to come to a situation of which it can be said that terms of truce agreement are being fully honored.

Our delegation however cannot agree with view of Netherlands delegation which infers that infringements on truce agreement have their cause in shortcomings on part of Republic only; it recalls that it has repeatedly proved (a) shortcomings in implementation of truce, in military as well as in economic respect on part of Netherlands side and (b) that many of Netherlands allegations are entirely without foundation. In addition Republic delegation has also submitted many suggestions designed to improve atmosphere.

It is therefore obvious that if we are to attain improvement of situation discussions must again be held as soon as possible in order to trace causes of difficulties and to establish measures to be taken by both parties in order to ensure full implementation of truce agreement.

Republic delegation, however, is of opinion that discussions about truce should in no way form an impediment for resumption of political discussions. It strongly holds view that very accomplishment of reaching political agreement will bring about an automatic and a radical improvement of situation. The sooner the political agreement can be concluded, the sooner the improved atmosphere will come about.

Republic delegation therefore takes position that the political discussions shall be resumed without delay on basis of Cochran plan while discussions about implementation of truce must be held concurrently.

Whereas both parties—as observed above—are agreed on necessity of immediate resumption of political discussions and of immediate commencement of discussions about the measures to be taken for full implementation of truce agreement, it would appear to us that concurrent holding of both discussions is entirely a matter of course. The existing rules of procedure that provide for discussions in various committees (5 in all) make the procedure which Republic delegation has in mind quite practicable."

I have delivered this letter tonight to Netherlands delegation under cover simple letter of transmittal dated November 6. Signed Cochran.

LIVENGOOD

<sup>1</sup> Repeated in telegram 569, November 8, 6 p. m., to The Hague.

501.BC Indonesia/11-748 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET US URGENT

BATAVIA, November 7, 1948—10 p. m. .

986. Gocus 437. I called on Stikker 11 a. m. today at his request and talked about 1¼ hours. He had cancelled his trip to Jogja planned for today and instructed his party return to Batavia this afternoon. He said Republic delegation letter which he had received last night (Gocus 436<sup>2</sup>) was cause. Stikker stated he found I had prepared way well for his reception and negotiations in Republic and that after first reconnoitering period negotiations developed usefully in excellent spirit. Said progress made on fixing election date, reduction TNI, delimitation states, etc. Said he had come to Batavia Saturday to show Netherlands officials here 60-page report he had prepared in Kaliurang and to discuss further progress in negotiations, also contact Cabinet at Hague.

He said Republic delegation message reached him last night just when he had overcome certain difficulties with local group of Beel, Spoor and Neher. These men had been arguing for more authority for Crown commissioner than Stikker had thought necessary, and were opposing what they thought too generous attitude toward Republic on part Stikker. He said they immediately construed this letter as violation of confidence and tried to make of it evidence to show Stikker that he could not trust Republicans and was overestimating possibility of their being responsible for any agreement they might enter. Opposition to his further negotiating arose. He telegraphed full report of situation to Cabinet Saturday night and is now awaiting response. In meantime he has told press that letter received from Republic obliged him remain Batavia for consultation and staff coming from Jogja to join him.

I recalled to Stikker that it had been my initiative in asking Schuurman permit me tell Hatta no reply would be required to Netherlands delegation letter October 28 until Hatta and Stikker had opportunity confer and then decide what type of answer was warranted. I told him I had gone personally to Jogja to deliver Netherlands delegation letter and to tell Hatta of this concession. I said Hatta has asked my advice on this point. I said I had told him I could not advise him but that if I were in his position I would defer reply until after conference with Stikker. I said Hatta had taken this position and I had accordingly advised Schuurman. Stikker stated that in his conversations with Hatta from November 4 to 6 Hatta had given no indication reply was being sent or had been made under date November 3. Stikker also remarked that coming from Jogja to Batavia in plane yesterday, he

<sup>1</sup> Repeated in telegram 569, November 8, 6 p. m., to The Hague.

<sup>2</sup> *Supra*.



had asked Supomo whether Republic replying to Netherlands delegation letter, and Supomo said something about necessity translating proposed reply.

I explained Supomo had seen me at airport and had asked for appointment last night. He had then delivered to me two sealed envelopes. On opening one I found it contained Republic delegation reply. After reading this, I asked Supomo if it was intended I should transmit this immediately to Netherlands delegation. He noted that it was in original and several copies. He [*I?*] read original slowly while Supomo read copy. After reading it, he said he presumed it should be passed on without question. I told Stikker that it was definitely my impression that Supomo had not only been unfamiliar with contents of envelope, but was also unfamiliar with contents of letter until I showed it to him. I added that I had told Supomo I would deliver letter as soon as possible. Shortly afterwards, I had seen Riphagen at dinner in hotel; had told him of receipt of letter; and asked whether I should bring it to Palace later in evening. Riphagen had asked that I do this.

I took letter to Riphagen at 11 o'clock. After latter read it he asked if we could discuss it. I said I could add nothing to it, since it had just been received by me for transmittal without comment. Riphagen and I were surprised that written reply had been sent at this stage, after Hatta had said he would take advantage of concession conveyed through me, and since negotiations apparently were moving smoothly. Riphagen said letter was unfortunate. I told him, however letter might be considered, I had no choice but to get it to Palace prior Stikker's return to Kaliurang following morning. Said reply should not be considered too important since Stikker and Hatta were still in conversations and if outcome successful, all these questions of what to discuss before GOC would disappear. I had volunteered to Riphagen that I would wait and talk with Stikker about this letter if latter desired or would be at airport early next morning if preferred. Riphagen said he would telephone me if Minister desired see me either time. I received no call.

Stikker was greatly disappointed this complication had arisen. He said was playing rather lone hand but genuinely convinced he was on right course and had chance succeeding in spite political opposition in Netherlands and strong resentment on part local officials against his coming and his tactics in negotiation. Said he could do nothing now until he had reply from Cabinet as to whether he should continue negotiations. Said Beel opposed idea and that local officials would presumably make case to Hague against him if he went on contrary their advice. I told Stikker I admired greatly courage he had shown

in coming here to undertake this difficult task and especially to go to Republic with straightforward approach in trying circumstances. I said we must not let his mission fail now, particularly as result of matter of such minor importance as this one, no matter how prone local officials were to exaggerate its importance. He said results of breaking off negotiations would be serious, since he genuinely felt this was last chance. I said I had come to this realization lately. Consequently I desired do everything now help overcome this obstacle.

I reminded him that letter was signed by Roem and might conceivably have been prepared and dispatched by him without consultation with, or knowledge of, Hatta. I volunteered get in touch with Hatta, and ascertain whether Hatta had actually approved letter. In any circumstances, Hatta should be given chance explain or withdraw letter. Stikker said as far as he was concerned, he did not consider question of letter sufficiently contentious or serious to cause any trouble whatever. He said Batavia officials had, however, taken such strong position that he could not possibly continue negotiations until matter cleared. He said prime obstacle now is objection of Beel. I volunteered explain my part in matter to Beel and then to see if we could work out some solution. Stikker said he and Beel lunching together and he would telephone me if Beel receptive to my approach. Once more I stressed my great desire help him achieve success in his negotiations and prevent military action.

I was received by Beel alone 5 p. m. I reviewed story of threatened breakdown of negotiations as result Republic reply, narrated herein above. Beel said this had been an "impudent" act on part of Republic which Stikker could not tolerate. I said Stikker had not taken offense at contents of letter. Furthermore, I did not see that Netherlands Government could find ground for complaint when Republic delegation answered letter addressed to it by Netherlands delegation. I remarked that after I was at Palace this morning, I had even received suggestion from Washington to effect that a compromise might be arranged exactly along lines set forth by Republic delegation in their letter, that is, for concurrent discussions (Usgoc 189<sup>3</sup>). If Netherlands delegation dissatisfaction is now with respect to substance, I thought this unwarranted. If complaint is because Republic delegation did answer before Stikker-Hatta conversations were terminated, and Hatta had not availed himself of leeway accorded by Netherlands delegation, this was still no breach of faith. Furthermore, I doubted that Supomo knew he was carrying a reply, and it was quite possible that Roem as chairman Republic delegation had written reply without final clearance with Hatta.

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<sup>3</sup> Telegram 558, November 5, p. 457.

Beel argued that this only reaffirmed impression which Netherlands Government has had for long time as to character of Republic Government and of futility trying to deal with them on any basis. I said Netherlands Government has expressed its interest in supporting Hatta. I said Stikker's approach had been first friendly gesture to Hatta Government on part of Netherlands Government in long time and had been gratefully received. I was sure Hatta would not knowingly offend Stikker. I thought it wrong for Netherlands delegation condemn Hatta without either seeking explanation directly from him, or accepting my offer go to Jogja Monday and clear up matter.

Beel said impossible get anywhere with Republic unless they would speak frankly and recognize sovereignty of Crown. I had gained impression from Stikker that conversations had been surprisingly satisfactory. I added that if there were really some basic differences coming out in negotiations which caused them to be broken off, this would be something different from attributing impasse to such an inconsequential incident as letter. I said I could understand there might be question over size of TNI or over powers of Crown Commissioner. If these things cannot be decided now, GOC is proper forum for their discussion. I said we had worked for months toward getting parties into GOC for discussion on what we think fair basis. I said present Stikker-Hatta conversations could be useful as preliminary thereto, especially if they might remove numerous conditions which Netherlands delegation has imposed thereon. I did not think these conversations were taking place of GOC negotiations or should be permitted break down in such fashion as to impair opportunity for GOC negotiations in near future.

Beel said this was all matter for his government in Hague to decide. He said report had been telegraphed and that Stikker would return to Hague accompanied by Neher to make report in premises. I said I had not understood from Stikker any instruction had been received ordering him to Hague. Beel admitted that such instructions had not yet been received. I said that in circumstances I took liberty of suggesting that effort be made to keep Stikker here and resume negotiations quickly as possible. I said if negotiations are disrupted for many days, as would be inevitable if Stikker returns Hague, position of Hatta would suffer and situation be worsened rather than improved by Stikker visit. I said my government was unhappy that I had not yet succeeded getting parties to negotiate in GOC on USDel plan and I was sure my government would consider the letter very flimsy basis for disrupting or otherwise prejudicing negotiations. I said I had told my government recently I interpreted local signs as indicating determination in certain official circles to have police action



shortly. I said breaking off negotiations as evidently planned would in my mind increase danger of police action. I said I intended promptly to inform my government in this sense. Beel said that he would confer with Stikker and Neher and make report of our conversation to his government. He said responsibility was in Hague. I said we on spot have responsibility to keep our respective governments thoroughly informed and that I was endeavoring to carry out that task on my part. I repeated that I thought this group locally would be acting very foolishly if they recommended to Hague that negotiations be disrupted for reasons he had mentioned.

Supomo came 6:30 his request. Had spent day at Jogja. Said Hatta greatly disturbed over cessation negotiations and making of incident over letter. Hatta asked Supomo present his explanation to Stikker. Supomo also desired make his own explanation since he had traveled with Stikker. To me Supomo said decisions taken November 3 to prepare Republic's delegation reply in sense drafted. Roem had not cleared its despatch with Hatta and latter expressed annoyance over this indicating he did not desire it sent pending outcome negotiations. Signed Cochran.

LIVENGGOOD

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501.BC Indonesia/11-848: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET      US URGENT

BATAVIA, November 8, 1948—1 a. m.  
[Received November 7—3:51 p. m.]

987. Gocus 438. Received by Stikker 8 p. m., November 7, his request. I told him of conversations with Beel and Supomo (Gocus 437<sup>2</sup>). He said meeting top officials called after my talk with Beel. Also attended by Stikker's staff which had returned this afternoon from Jogja. Staff reported real progress had continued to be made in negotiations with Republic and certain papers had been prepared.

Stikker said if Supomo would come and give him same story he had given me, Stikker would send his whole staff back to Jogja Monday noon to complete their talks with Republic and probably return Batavia Tuesday evening. This dependent upon GOC plane which I arranged. Stikker will stay in Batavia looking after matters here but will not leave at once for Hague as Beel intimated. On contrary he will remain at least until originally scheduled date of Wednesday, 10th, and even one or two days longer if warranted. Will try avoid press making anything more of threat of collapse of negotiations.

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<sup>1</sup> Repeated in telegram 569, November 8, 6 p. m., to The Hague.

<sup>2</sup> *Supra*.

I telephoned Supomo from Stikker's office and left after he arrived. Supomo visited me 9:30. Said Stikker evidently satisfied with his explanation of letter. Stikker did not ask that letter be withdrawn or held in abeyance. He did suggest and Supomo promised get from Hatta for Stikker's political protection a letter in which there would be no apology from Hatta, but an expression of appreciation on his part for Stikker's attitude toward letter incident. Signed Cochran.

LIVENGOOD

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501.BC Indonesia/11-948 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET      US URGENT

BATAVIA, November 9, 1948—4 p .m.

995. Gocus 439. Received by Stikker 11:30 a. m., November 9, my request. I told him Schuurman and I had agreed some days ago that Riphagen and Scott would decide upon documents which should accompany USDel plan when this formally submitted to GOC as working paper for basis negotiations. I said his work practically finished so I proposed introduction USDel plan and pertinent documents shortly. Explained it would take time for secretariat process and distribute papers after filing. Since I realized his desire for speedy consummation settlement, I would do my part by having everything ready in GOC.

I referred previous conversations with him and with Blom, as well as to our formal correspondence, and had him confirm to me that political settlement is to be reached within GOC. He said this was definitely the case since he realizes this must be done to get Indonesian question removed from SC agenda. He said it was entirely agreeable to him that I proceed with introduction USDel plan. I asked if my assumption correct that material upon which agreement reached in Stikker-Hatta conference would be brought into GOC as amendments to USDel plan. He gave following explanation of procedure which he contemplated. Said he was seeking from Republican unilateral memorandum signed by Hatta setting forth certain points which Republic would accept in entering provisional government. Stikker said this was not a bilateral agreement intended to replace political settlement within GOC. He said tentative agreement already reached between Hague and Bandung group of provisional government. Said current negotiations with Republic would require certain changes therein. Said next step would be to contact Bandung and see if uniformity can be achieved. If this possible and his government agrees, then material which has been worked out between Stikker and Hatta will be brought into GOC to be formalized. Negotiations would then pro-

ceed on remainder of points necessary to achieve complete political agreement between Netherlands and Republic and to permit report to SC that political issues settled between two parties in GOC.

Stikker said report from Jogja last night indicated optimism on part his staff. Said he would get full report this evening on their arrival. He has passage to Hague scheduled for tenth. If report of his staff is negative and situation hopeless he will proceed tenth. He would also keep to schedule if situation is so vague that he needs consult his government before going further. If outlook clearly favorable he hopes government Hague will permit him remain here. He would attend Bandung conference opening 18th and try to straighten out differences between Republican memorandum of agreement and legislative act tentatively agreed upon between Hague and Bandung. He said there was some chance he might be recalled to Hague and Sassen sent out to contact Bandung and finish political settlement with Republic. I expressed personal hope that Stikker himself would stay on to complete entire task since he had made so much headway. He said he would like to do this and have whole matter cleared up within 3 weeks or month. I should be able learn tonight or tomorrow outcome Kaliurang discussions.

Following above meeting, Riphagen and Scott got together to draw up exchange of letters listing NethDel and USDel documents to be submitted. Similar meeting this afternoon between USDel and RepDel representatives. Will report to Department exact date USDel plan to be filed with GOC as soon as preliminaries arranged. This should be within next day or so.

LIVENGOOD

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856e.00/11-1048 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*<sup>1</sup>

SECRET      PRIORITY      THE HAGUE, November 10, 1948—2 p. m.

776. Discreetly discussed with Acting Foreign Minister Deptel 569, November 8.<sup>2</sup>

Drees stated that while he and Stikker of different political complexion he esteemed him highly and thought his visit Batavia had done much clear atmosphere. Drees seemed up to minute on all members [matters?] discussed and stated one point his government could not consent to was political agreement discussion while whole battalions armed and commanded by Republicans were daily crossing demarca-

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<sup>1</sup> Repeated in telegram 569, November 12, 3 p. m., Usgoc 176, to Batavia.

<sup>2</sup> This telegram repeated recent telegrams from Batavia.



tion line and murdering Dutch and Indonesians in Netherlands held territory and he and his Cabinet would be forced to resign rather than countenance such conditions. He was vehement about infractions truce agreement. He believes Supomo knew contents letter from Republic dated November 3 signed by Roem and addressed to Cochran while he accompanied Stikker back to Batavia but said nothing of this letter until Cochran handed to Netherlands delegation. While they consider this very bad faith it was explicable as letter predated Stikker-Hatta conversations.

Conversing with me he was called to telephone and talked to Stikker in Batavia and said Stikker was returning Thursday and was not pessimistic about outcome matter of letter and also believes infractions truce agreement were in process of a satisfactory settlement. Drees believed there was hope for agreement and said Stikker expressed deepest appreciation Cochran's full and invaluable cooperation and said government here fully share this view.

Believe my conversation was helpful in clearing up some doubtful points in Drees' understanding changed situation Batavia.

BARUCH

501.BC Indonesia/11-948 : Telegram

*The Acting Secretary of State to the Embassy in the Netherlands*

SECRET

WASHINGTON, November 10, 1948—5 p. m.

573. [Here follow texts of telegrams 995, November 9, and 996, November 9, from Batavia; latter not printed.]

For ur info, Dept feels encouraged by forthright attitude Stikker and his apparent intention and ability cut through preliminaries to essentials problem. While not wishing at this time, absence info Stikker's ultimate position, give impression *carte blanche* endorsement his efforts, Dept feels it would be helpful, at ur discretion, for you informally make known to appropriate officials Neth Govt favorable attitude taken by Dept Stikker's endeavors reach basis enduring political settlement with Hatta.

LOVETT

501.BC Indonesia/11-1048 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

SECRET

US URGENT

WASHINGTON, November 10, 1948—7 p. m.

566. Usgoc 174. Dept most favorably impressed your handling situation arising from NethDel's reaction to receipt Roem's letter. Dept

hopes as you do that Stikker-Hatta conversations can be productive not only of resumption negotiations under GOC auspices but also possible resolution certain serious substantive differences separating parties. If complete voluntary agreement can be reached on Stikker-Hatta conference level without assistance GOC, Dept of course would be delighted. Dept feels, however, as you do that either party has right to insist upon negotiating and reaching agreement under GOC auspices.

Dept officers Nov 9 gave Neth Amb and Counselor significant portions your account of Roem letter incident. When and if you signal Dept as to timing possible *démarche* to Neth described Usgoc 189,<sup>1</sup> Dept will consider inviting Brit, Canadian and possibly Norwegian Govts to take similar action. For your strictly confidential info, Emb and military advisers Nanking have advised Dept that they expect Communist assault on Nanking before month is out and regard as most likely contingency the formation of Chinese Communist-dominated govt. These developments in China suggest most serious consequences throughout mainland south of China. Thus earliest achievement Neth-Indo Repub agreement imperative. It is to be hoped that both Neth and Hatta Govts perceive result of China developments on their respective positions.

LOVETT

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<sup>1</sup> Telegram 558, November 5, p. 457.

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501.BC Indonesia/11-1048: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET      US URGENT

BATAVIA, November 10, 1948—8 p. m.  
[Received November 10—2: 56 p. m.]

998. Gocus 441. Stikker's staff and Supomo returned from Djocja November 10, 1 p. m. Shortly thereafter Republican Delegation delivered US Delegation confirmation of Republican documents to be submitted to GOC with US Delegation plan.

Supomo called on Stikker 2 p. m. and delivered *aide-mémoire* setting forth Republican position. Said Stikker appeared pleased with this and said he would telephone Hague to learn whether he should return there 11th to explain situation or remain Batavia to contact Bandung group and continue negotiations. Supomo expressed to Stikker hope he would personally complete negotiations even if obliged return Hague now and come back Batavia later. Supomo said

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<sup>1</sup> Repeated in telegram Gadel 493, November 16, 6 p. m., to Paris (for Rusk).

Stikker reiterated desire have interim government set up by December 1. Supomo said *aide-mémoire* represents Republican minimum requirements. Stated Hatta had consulted members cabinet before completing *aide-mémoire*, but has not yet had it approved at formal Cabinet meeting. Supomo felt sure Hatta would have necessary support.

Supomo told me Stikker's assistants worked cordially with Republican group and expressed optimism Netherlands would accept Republican *aide-mémoire* in spite objections expected Batavia and Hague. Supomo feels much depends on Stikker himself pushing it through. It is understood *aide-mémoire* presented by Republic is sole document to be considered by two parties as result conference.

Text *aide-mémoire*, without attempting to correct hurried translation, is presented herewith on understanding our possession thereof will be considered secret and no repeat thereof to Embassy Hague since Stikker had insisted this document be disclosed no one outside two parties.

[For text of *aide-mémoire* dated November 10, see SC, 3rd yr., Suppl. (Dec.), page 133.]

US delegation plan submitted to GOC as working paper, with pertinent documents, November 10, 5 p. m. No publicity being given this step. Signed Cochran.

LIVENGOOD

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501.BC Indonesia/11-1048 : Telegram

*The Secretary of State to the Acting Secretary of State*

SECRET      US URGENT

PARIS, November 10, 1948—9 p. m.

[Received November 10—5:37 p. m.]

Delga 688. Van Roijen, head of Netherlands delegation, requested interview with US representative handling Indonesia in SC. He stated he had returned from weekend talk with Prime Minister and wished to discuss grave and serious view Netherlands takes of Indonesian situation. He read from October 28 letter of Schuurman to Cochran about serious nature of truce violations and developing this subject he spoke of 250 violations weekly and scorched earth policy of Republican Government. In reply to question he stated evidence of these violations well documented, could largely be prevented and Republic's order of the day utterly insufficient. He urged that Cochran should use moral force of US Government to cause Republic to stop these actions. His government is adamant in its refusal to negotiate political agreements while substantial truce violations continue. He also



alluded to US supplying textiles which Netherlands long ago offered Republic.

He stated other serious deterioration of situation with 11,000 Republican troops returning to pockets from which they had withdrawn and he stated that military principles of equal importance with political ones in *Renville* agreement.

Unless truce violations improve he foresees, (a) "limited action," to clear pockets, (b) possibly a more general police action and, (c) at least a possibility of Netherlands withdrawal from Indies leaving it as UN problem.

After hearing him out we enquired plans as to Bandung group. He stated Netherlands is willing to delay Bandung arrangement to get political agreement with Republic or to allow Republic to participate in it.

In conclusion he referred to Canadian's information from Asiatic sources that Netherlands Government is not serious about seeking political agreement with Republic. He pointed to recent trip of Foreign Minister to Republican territory as indicating government's good faith. He reverted to murder resulting from truce violations and added his government is fully aware of consequences not only in Indies but in the world of possible courses of Netherlands action to suppress them.

In light of Department's Gadel 282 of October 22<sup>1</sup> and our Delga 651 of November 8,<sup>2</sup> Department may wish to consider having Secretary discuss US views with head of Netherlands delegation. Today's statement might be construed as notice of fairly immediate action and Department may want to answer allegations as to truce violations, US motives for supplying textiles to Republic, and consider question of taking up Netherlands threat to quit Indies, with a view indicating our concern and insistence that parties proceed with peaceful negotiations.

Sent Department; Dept pass Batavia as Paris 3.<sup>3</sup>

MARSHALL

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<sup>1</sup> See footnote 7, p. 425.

<sup>2</sup> Not printed.

<sup>3</sup> This was done the same day.

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501.BC Indonesia/11-1148: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET US URGENT

BATAVIA, November 11, 1948—3 p. m.

999. Gocus 442. Spoke with Stikker last night and again briefly this morning as he and Blom departed for Hague. He said there are

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<sup>1</sup> Repeated in telegram Gadel 493, November 16, 6 p. m., to Paris (for Rusk).

"some possibilities"; that "outlook is promising". He let me know that major differences with Repub are on TNI and command of armed forces. Had been in touch by phone with Hague since return his advisors from Jogja and thought it essential to clear personally with Cabinet before proceeding further. Did not know whether he would return Batavia, but said he hoped he would. I told him I had presented USDel plan to GOC yesterday but had given no publicity to this step lest press might interpret it as some complicating move on my part. Stikker thanked me generously for my help during his stay. He called me to his side during press conference at airport and spoke of "closest cooperation" between us. In estimating outlook to me, Blom said he thought it "just about in balance", and outcome depended on settling crucial point which Stikker had mentioned.

It was to be expected, of course, that any agreement with Repub on fighting forces would meet with violent opposition on part such local figures as General Spoor and Vice Admiral Pinke. Former responsible largely for publicity campaign on infiltrations, incidents, et cetera. Latter harangued me two nights ago with usual arguments justifying his blockade of Repub by sea. Said after 18 years here he knew one could not take word of Indos and insisted I was wrong in thinking an agreement could work. Dept may have been informed from Singapore that when Van Mook gave press interview there en route Hague he made slighting reference to "too many amateurs meddling in Indo question." I am dining with Beel at Palace tonight and may get some indication as to how old group feels toward Stikker's mission and its prospects.

My present inclination is to adhere to recommendation made in ultimate paragraph Gocus 439.<sup>2</sup> I still feel greatest possibility of achieving settlement is through Stikker approach, to be coordinated with GOC. To file our *aide-mémoire* this juncture could indicate lack of US confidence in Stikker and would undoubtedly embarrass him and perhaps even ruin him with his govt. My thought is that we should do nothing now except to observe reaction here and in Repub following Stikker's departure and in Hague upon his arrival.<sup>3</sup> In meantime, GOC will have by November 15 completed its fourth interim report covering all events through November 10 including chronology of USDel informal approach to parties and finally introduction USDel plan into GOC as working paper. This report will be hurried to SC Paris and thus be available as background if SC should be called upon by Repub

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<sup>2</sup> Telegram 995, November 9, p. 476.

<sup>3</sup> In telegram Gadel 467, November 12, 7 p. m., to Paris, the Department stated: "Cochran reports considerable progress Stikker-Hatta talks. Stikker departed for Hague to report his Govt. Cochran recommends no *démarche* this time. Dept concurs." (501.BC Indonesia/11-1048)

(see Usgoc 192<sup>4</sup>) or by GOC or otherwise to stop a threatened police action.

In event signs point alarmingly to failure Stikker get Hague support and toward imminent military action, it is my recommendation that our first move be informal and at top level, along following lines. SEA [Sec] might say to Prime Minister Drees that encouraging reports were received from Batavia upon progress understood to have been made by Stikker in direct talks with Hatta; gratified that this much accomplished and anxious help with achievement final peaceful solution. If some points may have arisen which appear insoluble through direct contact between parties then utilize third party, namely GOC, in trying to reach amicable accord. Middle of road USDel plan already introduced into GOC working paper with advance agreement both parties to negotiate on this as basis. Understood further that conversations at Kaliurang actually centered around subjects dealt with specifically in USDel plan.

Emphasis could be made on obligation of Netherlands to pursue negotiations within GOC rather than permit rupture and resort to military operations. *Aide-mémoire* arguments on certain points could be used, particularly those about unfortunate American publicity likely to attend military action and possibility of Congress and ECA cutting off financial assistance to Indo and even to Netherlands. I feel our strongest argument against Netherlands group preferring military action is that of financial situation and would not hesitate use it in manner indicated.

To file our complete *aide-mémoire* formally at this time would, however, be quite different matter. Kaliurang talks have already begun process dovetailing Bandung legislation with USDel plan (Gocus 441<sup>5</sup>). As negotiations proceeded, either directly between parties (provided no breakdown follows from Stikker report at Hague) or within GOC, Repub will definitely adhere to determination use USDel plan as basis. Bandung group evincing much interest in Stikker-Hatta conversations. Prime Minister Adil Poeradiredja called on me yesterday. Reminded me of telegram he sent Hague early November indicating his state would not accept Bandung legislation unless Repub also included. Prime Minister [Adil] Poeradiredja has conferred twice with Stikker. Beel plans meeting several Bandung leaders here shortly. Bandung plan still in such formative state that common arrangement to include both Repub and Bandung can be accomplished if Stikker can pursue his plans as reported Gocus 439. USDel plan was submitted as medium to draw parties into negotiations. Concessions which

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<sup>4</sup> Telegram 565, November 8, 11 p. m., not printed.

<sup>5</sup> Telegram 998, November 10, p. 479.



Stikker is evidently willing concede Repub in direction USDel plan would undoubtedly be welcomed by Bandung group and hasten general move into Provisional Govt.

Whatever may be comparative theoretical merits USDel plan and composite plan which has been started by Stikker-Hatta talks, it is urgent that a working solution of Indo problem be achieved soonest. If Stikker-Hatta talks will lead in this direction I definitely favor letting them go their course with such formalizing and supplementary negotiations within GOC as may be required. Repub is so weak economically and faced with such danger from crumbling social structure and dissension within political parties heretofore backing Hatta that speed is essential in getting Repub into Provisional Govt on honorable terms. If this is not done police action appears inevitable, or GOC efforts will be so thwarted that US withdrawal therefrom would have to be considered.

I shall continue submit suggestion as situation develops or fluctuates.  
Signed Cochran.

LIVENGOOD

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856d.00/11-1248 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

SECRET

THE HAGUE, November 12, 1948—noon.

779. Secretary General Foreign Office advised yesterday Stikker would arrive Holland Saturday to report Cabinet on impressions gained re responsibilities of agreement with Repub. Stikker had not had authority commit government in Indo and it had become necessary him report back to enable government here take decision soon as possible. Secretary General expressed himself as "not pessimistic" about outlook for agreement with Repub as result Stikker discussions which he said had been more successful "than could have been expected".

When queried re future negotiations, Lovink stated that if political agreement with Repub was reached (as now seemed possible) he saw no reason for resumption negotiations under GOC whose function was to help in arriving at such agreement. He said political agreement would aim at Repub participation interim federal government and added that *sine qua non* was cessation armed infiltration and acts violence in breach of truce. He even mentioned surrender of arms.

Impression gained that Stikker notwithstanding his achievements in Indo discussions will meet mixed reception here and that there will be considerable pressure from the right to try exploit his success

by binding Repub tightly as possible before final conclusion agreements. Cabinet will meet November 16.

Occasion taken convey Lovink Dept's (573, November 10) favorable impression Stikker endeavors Indo.

BARUCH

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501.BC Indonesia/11-1348: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET US URGENT BATAVIA, November 13, 1948—10 a. m.

1000. Gocus 443. Night November 11 spoke jointly with Beel and Spoor mentioning concern over Communist progress in China and threat to mainland south of China (Usgoc 174—should this not be 194? <sup>2</sup>). I stressed urgency our reaching peaceful settlement Indonesian question soonest and then cooperating on major problem that may confront us.

Re Delga 688, November 10. Van Roijen evidently talked with Drees before reports indicating extent progress in talks with Hatta had been received from Stikker. Department has been informed on all matters mentioned by Van Roijen except Netherlands threat to quit Indonesia which is purely bluff. A study of RepDel unilateral *aide-mémoire* to Stikker quoted in Gocus 441<sup>3</sup> reveals readiness of Republic to move far in direction Netherlands demands. One of Hatta's undertakings is to issue instructions to armed forces almost to extent demanded in Netherlands delegation original letter October 4. Considering Republic's attitude revealed its *aide-mémoire* there is certainly no reason for USDel now to exert any moral force on Republic. On contrary USDel feels some concern lest Hatta may be making concessions beyond limit which rightist elements might support. Fact that USDel has made recommendations regarding medicinal supplies and textiles for Republic and Department has worked on these questions with full cognizance and cooperation of Netherlands authorities should be in our favor since we have been moved by humane objectives and desirous of preventing economic and social collapse in Republic which would threaten Hatta Government and make settlement more difficult.

No immediate response to Van Roijen approach appears to be required in circumstances (Usgoc 175-195? <sup>4</sup>). Decision will have to

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<sup>1</sup> Repeated in telegram Gadel 493, November 16, 6 p. m., to Paris (for Rusk).

<sup>2</sup> See telegram 566, November 10, p. 478.

<sup>3</sup> Telegram 998, November 10, p. 479.

<sup>4</sup> Telegram 567, November 11, 2 p. m., not printed; it stated that telegram Delga 688, November 10, p. 480, had been repeated to Batavia for comment.

be faced shortly dependent upon Stikker's reception by Cabinet and Parliamentary leaders whether US should make informal representations through secretary as suggested Gocus 442,<sup>5</sup> whether full *aide-mémoire* should be formally presented, or whether situation may be considered sufficiently favorable to warrant our taking risk of postponing possible resort to Department's intervention. We cannot, of course, reveal our possession Republic's *aide-mémoire*. Signed Cochran.

LIVENGOOD

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<sup>5</sup> Telegram 999, November 11, p. 481.

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501.BC Indonesia/11-1648 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

RESTRICTED

BATAVIA, November 16, 1948—3 p. m.

1005. Gocus 445. GOC sent Security Council today by plane fourth interim report<sup>1</sup> body of which comprises 3 chapters 51 pages in length covering period June 11–November 15. Chapters deal factually with political situation, implementation of truce and other recent developments, latter including controversies over incidents. Report incorporates many documents and letters in lengthy appendices. Copies for Department leave by airpouch November 17.

Estimate report will be actually in hands members Security Council after Paris processing not before November 27. Before that date GOC will telegraph to Security Council its conclusions taking form of introduction to report and appraising general situation as of date of telegram. These conclusions will be telegraphed Department as soon as prepared. Signed Cochran.

LIVENGOOD

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<sup>1</sup> For text, see SC, 3rd yr., Suppl. (Dec.), p. 1.

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856d.00/11-1648 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

SECRET      NIACT

THE HAGUE, November 16, 1948—9 p. m.

785. Stikker called at my residence tonight and told me in greatest confidence he had battle of his life on his hands, but was gaining ground; that he was hopeful and that Drees and Oud<sup>1</sup> saw eye to eye

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<sup>1</sup> P. J. Oud, vice chairman of the People's Party for Freedom and Democracy of the Netherlands, of which Foreign Minister Stikker was chairman.



with him. However, Catholic Party rightists and army were opposing his effort for peaceful settlement and he needs help.

Stikker stated that his exploratory talks with Hatta had produced basis for agreement on many points in near future, and possibilities in his opinion were greater now than they had been for long time. He emphasized importance of continuing talks and their conclusion at earliest. He said that results were obtained largely by Cochran's help and his own new direct approach to Hatta and other Republic leaders. He appreciated United States desire to reach solution by negotiation, and he personally appealed now strongly for US support to induce Republic to meet Netherlands wishes on two following points: (1) Integration of Republic Army into federal forces; (2) Unified command.

On first point Stikker emphasized fact that Hatta had suggested in a personal letter to him that there were psychological reasons making it difficult to disband Republic forces. Netherlands Government, said Stikker, fully realizes this. Hatta apparently desires to have Republic forces gradually amalgamated into federal. It is impossible, said Stikker, to join together in one army forces which have been opposed and fighting for a considerable time or to create federal forces on a sound basis by incorporating therein units which have been opposed to a federal conception and a peaceful solution of the problem. Netherlands Government is agreeable to a gradual process being followed in this respect and Hatta indicated the same formula in his *aide-mémoire*. Stikker states that an unequivocal indication by Republican Government in which they will agree to a reorganization of TNI and Republican Government's willingness to cooperate in the formation of federal armed forces is essential.

On second point, Hatta suggested that unified command would only exist in case of emergency. Stikker believes single command in transition period is absolutely necessary, especially in view of proposed reorganization. Netherlands Government has proposed that under normal circumstances federal forces would be at disposal of interim government and that at latter's request Queen's commissioner can place Netherlands forces at disposal of interim government for maintenance of law and order. It is therefore clearly not intention of Netherlands Government, Stikker states, to deprive interim government of authority over armed forces but there cannot be dual supreme command in view of ultimate responsibility of Netherlands Government during interim period. While anxious to bring about supreme command in a spirit of conciliation, Stikker says an explicit declaration of agreement from Republic that they concur in a single supreme command of all forces in the transition period is absolutely essential.

Stikker said he needs Cochran's help urgently and hopes that Cochran, who has been so helpful in his conversations with Hatta, can see his way clear to convince Republic that success or failure of negotiation depends on satisfactory solution these two points.<sup>2</sup>

BARUCH

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<sup>2</sup> This telegram was repeated in telegram 576, November 17, 3 p. m. (Usgoc 179), to Batavia, with the instruction to Mr. Cochran: "Exact nature proposals made by Stikker to Baruch not entirely clear to Dept. Assuming these proposals clear to you in light your conversations with Stikker, you are authorized take such action in the direction Stikker has requested as you think advisable." The same was sent in telegram 585, November 17, 5 p. m., to The Hague. (501.BC Indonesia/11-1748 and 856d.00/11-1748)

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501.BC Indonesia/11-1548 : Telegram

*The Acting Secretary of State to the Embassy in France*

SECRET

WASHINGTON, November 17, 1948—3 p. m.

Gadel 501. For Rusk: Re para b Delga 749, Nov 15.<sup>1</sup> Dept believes you should advise Palar we regard progress made in Stikker-Hatta talks provides most hopeful basis for early political agreement and while Neth cabinet has not yet indicated its reaction these talks, we do not believe Netherlands will resort to police action without further exchanges between Stikker and Hatta. That US member GOC is of course taking every appropriate measure encourage both parties follow up on progress already made. Palar, for his part, could be most helpful in advising his Govt of desirability action reduce infiltrations and truce violations as evidence good faith and to assist Stikker as suggested Hague's 784, Nov 15 (rptd to you separately).<sup>2</sup>

Dept does not yet know what progress if any Stikker is making with his colleagues and may not be informed before cabinet decision has been taken to accept or reject Hatta *aide-mémoire* (Gocus 441<sup>3</sup>). In view possibility, however, Stikker will have hard fight obtain cabinet agreement to Hatta *aide-mémoire*, Dept believes it might be desirable delegation inform Van Roijen informally our gratification at efforts made by Stikker in Jogjakarta and our hope Neth cabinet will find basis for agreement in work already accomplished by Stikker. You should not of course reveal our knowledge Hatta *aide-mémoire*. At same time you might indicate our belief last opportunity for peaceful settlement may have come and our great concern nothing be done to jeopardize what appear to us to be signs of approaching agreement.

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<sup>1</sup> Not printed.

<sup>2</sup> Neither printed.

<sup>3</sup> Telegram 998, November 10, p. 479.

In event conversation indicates recalcitrant attitude on part Neth, you might appropriately seize opportunity indicate that resort to force by Neth under these circumstances would have most unfavorable reaction on American and world opinion.

LOVETT

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501.BC Indonesia/11-1848: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

BATAVIA, November 18, 1948.

1008. Gocus 447. Aneta bulletin 18th carried following dated Batavia 17th:

Hatta told nation this evening to remain firm in face mounting difficulties. ["Firm attitude will help us achieve our goal while weak attitude will play us into hands foreign countries," he said.

Republican Premier described Stikker talks as helpful but atmosphere impaired by "Batavia". He singled out especially reports of Dutch Army public relations.

"We shall defend ourselves if we are attacked," Premier went on. "But if we are left alone we must carry out our promises".

Hatta then appealed to army and police units to carry out their duties and threatened heaviest punishment against truce violations.

Reaffirming his desire to cooperate with federalists, Hatta said it is silly to speak about "marionette governments" because "we Indonesians have an end to attain, namely freedom for all Indonesia."

"There should be no antitheses between us and federalists," he said. "We must join forces with them to achieve our goal on first January 1949."

Going in detail into Madiun coup he described as national tragedy, Dr. Hatta said ideological struggle has cracked national unity while dissension has been caused by political tug of war.

Hatta said difficulties which are being encountered by people caused by Dutch blockade, Madiun affair and prolonged drought which resulted in crop failures.

"But if we remain firm and united, we shall overcome these difficulties," he said. Signed Cochran.

LIVENGOOD

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<sup>1</sup> Repeated in telegram Gadel 526, November 18, 6 p. m., to Paris (for Rusk and Bancroft).



501.BC Indonesia/11-1848: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET US URGENT

BATAVIA, November 18, 1948—noon.

1009. Gocus 448. Darmasetiawan called 11 a. m. November 17. Said Hatta flying Sumatra 18th accompanied by Staff of 30 principally military for delayed tour. Said he would give Netherlands delegation this information. Said Sukarno would act as Prime Minister in Hatta's absence and that all members Republic delegation and advisors who participated in Stikker talks would be available.

Darmasetiawan said direct negotiations between parties have psychological benefit. He hoped instructions would be issued NethDel to resume negotiations whether or not Stikker or other minister comes. While Republic would welcome Stikker for completing negotiations, Darmasetiawan understood possibly necessary Stikker remain Hague to maintain position there. For Stikker to direct negotiations by cable would be difficult, however, since group which assisted Stikker and would presumably resume conversations lacks any member having his attitude toward Republic and courage to make concessions. Darmasetiawan said that during direct conversations Republic would always insist GOC be in background for reference and for completion and formalizing agreement.

No details yet received as to nature instructions which were arriving evening 17 for Netherlands delegation from Hague. If Stikker's plan were followed (Gocus 439<sup>1</sup>) next step would be for Netherlands delegation contact Bandung Group when it reconvenes 19th and discuss adaptation to Bandung Plan of Republic views as set forth in Republic *aide-mémoire* November 10. If Stikker has had serious trouble with Cabinet over question TNI, military command or implementation of truce it is conceivable instructions may be for Netherlands delegation resume conversations directly with Republic on these points and to insist upon undertakings which would so closely approach capitulation that Hatta Govt could not accept or would be in hopelessly vulnerable position in Republic if it did accept. Critchley with whom I discussed outlook yesterday afternoon fears this might be Netherlands tactics. He has not visited Republic since before Stikker conference and said he hesitated volunteer any advice to Hatta in present circumstances. He chose not to intervene for instance toward advising Hatta postpone Sumatra trip.

At request Schuurman I received Riphagen 5:30 p. m. Nov. 17. Said NethDel heard Hatta planning leave Jogja 18th for Sumatra.

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<sup>1</sup> Telegram 995, November 9, p. 476.

Stated NethDel beginning receive information on results Hague Cabinet meeting which indicates direct conversations could be resumed this or next week in which Hatta and advisors would be expected participate. Said he had no information whether Stikker or other minister would come Batavia from Hague or whether conversations on Netherlands side would be conducted by advisors who had assisted Stikker or whether other officials might participate. He personally did not expect a minister to come but said he had no information on that point other than press story to effect no minister coming.

Riphagen stated highly desirable Hatta postpone trip in order be available for anticipated resumption conversations. Stated he thought conversations would be sufficiently important warrant presence Hatta. Said understood from Schuurman that Koets informed by Darmasetiawan of Hatta's plan and Koets had advised Darmasetiawan recommended Hatta remain Jogja few days.

I told Riphagen I was naturally anxious do whatever appropriate as GOC chairman in facilitating conversations. He asked I speak directly with RepDel rather than put RepDel in contact with him. I dictated memo our conversation which Riphagen initialed.

At 5:45 I telephoned Sudjono. He and Supomo came 6:15. I gave them copy memo conversation with Riphagen. They said Darmasetiawan had telegraphed Hatta after conversation with Koets at noon recommending postponement. They said they would immediately send second telegram Hatta incorporating substance my memo. I phoned Schuurman 6:30 and gave him foregoing information.

Hatta broadcast evening November 17 (Gocus 447 <sup>2</sup>). This speech evidently intended compliance paragraph H Republic *aide-mémoire* (Gocus 441 <sup>3</sup>). Signed Cochran.

LIVENGOOD

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<sup>2</sup> *Supra*.

<sup>3</sup> Telegram 998, November 10, p. 479.

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856d.00/11-1848: Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

SECRET      NIACT

THE HAGUE, November 18, 1948—6 p. m.

PRIORITY

789. Boon, Political Department of Foreign Office, requested call by Embassy officer today. He stated under reference Stikker conversation (Embtel 785, November 16) that much to Minister's regret and embarrassment it appears satisfactory solution two points upon which

he requested Cochran help will probably not satisfy Cabinet colleagues whose support essential for continuation negotiations with Republic along line Minister has been proceeding. Boon said that seemed best in circumstances for Cochran not make representations suggested on reference matters at this time. He added Foreign Office very much hopes Cabinet will decide today or tomorrow send delegation consisting Stikker and some other Cabinet colleagues to Indonesia resume discussions initiated by Stikker. This delegation would discuss all outstanding points upon arrival Batavia.

Sharpness of Cabinet cleavage clearly borne out by fact learned in confidence that instructions to Batavia drafted in Ministry of Overseas Territories following my conversations Stikker November 16 were dispatched without Foreign Office approval but subsequently cancelled as result most strenuous objections Foreign Office "for reasons of international relations".

Cabinet situation remains extremely unsettled and tense and it is not yet clear whether diehards will get upper hand or whether moderate councils will prevail. If news from Indonesia continues improve particularly in respect incidence of violence, we believe Stikker may win out. On other hand, it should be noted that Dutch Army and its news service in Indonesia are under authority of Sassens, Ministry of Overseas Territories, who favors strong line of action.

Sent Department niact 789; Department pass Batavia.<sup>1</sup>

BARUCH

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<sup>1</sup> This was done the same day.

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501.BC Indonesia/11-1848: Telegram

*The Acting Secretary of State to the Consulate General at Batavia*<sup>1</sup>

SECRET

WASHINGTON, November 18, 1948—7 p. m.

582. Usgoc 181. Soemitro called on Dept officer Nov 18 to express great concern at what he believes to be imminence of Neth police action. He said reliable source had informed him that Neth planning initial stages Dec 1. Acknowledging that Neth had been prevented from police action in past months by US suasion, Soemitro questioned whether Neth would respond to US pressure on this occasion and wondered further what US would do if police action resulted in occupation Jogja and other centers. Dept officer replied that US Govt was as unalterably opposed to police action now as it had been in past and that Neth was fully aware its position; that because of US neutrality in dispute and position of good officer, he could not acquaint Soemitro

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<sup>1</sup> Repeated as 586 to The Hague.



with details of position Dept had taken with Neth this respect, that Dept believed police action unlikely while Stikker conversations Neth Govt Hague continued.

Soemitro said that he had decided to appeal to US public through press to marshal public opinion against police action and wished to advise with Dept before doing so. Dept officer replied that he could not advise Soemitro on matter this kind but that he thought Soemitro should (a) carefully consider possibility that such an appeal would strengthen Stikker's opposition in Hague and Batavia and in any case (b) ask Hatta's permission such action. Soemitro promised seriously to consider (a) but in respect to (b) stated that shortage of time would not allow for such consultation with Repub Govt. Having pressed point (b) still further, Dept officer had impression that perhaps Soemitro would communicate Hatta before making appeal.

When Soemitro called later same day he was informed that substance his conversation had been communicated Cochran and that Dept officers were of opinion, expressed informally, that appeal this nature inadvisable at this point for reasons previously given him.

LOVETT

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501.BC Indonesia/11-1948 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET      US URGENT  
NIACT

BATAVIA, November 19, 1948—4 p. m.

1016. Gocus 449. Sudjono told me noon November 18 telegram received from Hatta's secretary to effect Prime Minister obliged depart Sumatra on urgent business but could return Jogja on short notice if situation required. I promptly telephoned Riphagen this message. Press reports confirm Hatta departure 18th.

Visited Schuurman 10:30 a. m., today. He said instructions for resumption conversations with Republic received from Hague 17th together with material for communiqué. His group planned proceed Jogja 19th. Subsequently Hague requested nothing be done pending receipt replace instructions and communiqué. Neither received by 11 a. m., today.

Schuurman said original instructions indicated his group was to reopen Kaliurang conversations for elucidation few points including TNI and army command. He said question which caused confusion in Cabinet was presumably whether Republic undertakings given Stikker on these points were acceptable. He thought whenever clear cut instructions received not more than 2 days would be needed at Kaliurang to determine whether Republic can meet requirements. He

said decisions would probably necessitate Hatta's presence and some delay might be involved in getting him from Sumatra to Jogja. For present everything in abeyance pending receipt further instructions.

Usgoc 179<sup>1</sup> arrived evening 18th. 11 a. m., today, received Niaet relay of 789 from Hague<sup>2</sup> wherein Boon cancels Stikker's request made in Usgoc 179 that approach Republic on above mentioned points. I had taken no action. Usgoc 180<sup>3</sup> also came this forenoon.

It has been my constant endeavor render Stikker every assistance in achieving equitable settlement and refrain from any action my part or recommendation toward action by my government which might embarrass him or jeopardize his chances in Cabinet. If and when Stikker may return Indo, as indicated possible in Hague's 789, I will, of course, continue cooperate.

I recommend that *démarche* suggested paragraphs 4 and 5 Gocus 442<sup>4</sup> be postponed as long as there is prospect of Stikker returning Indo and resuming conversations. If he does this and subsequently meets difficulties in Indo I might find how we could best strengthen his hand. If Embassy reports from Hague decision taken Stikker not return Indo and definitely defeated by promilitary parties, then suggest making *démarche* promptly. Signed Cochran.

LIVENGOOD

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<sup>1</sup> Telegram 576, November 17, 3 p. m.; see footnote 2, p. 488.

<sup>2</sup> November 18, p. 491.

<sup>3</sup> Telegram 581, November 18, 2 p. m., not printed.

<sup>4</sup> Telegram 999, November 11, p. 481.

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501.BC Indonesia/11-1948 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary  
of State*

BATAVIA, November 19, 1948.

1017. Gocus 450. Following excerpt from official communiqué dated November 19 reporting statement Royal Commissioner in Pasundan reopening Bandung Conference this date:

"Netherlands States General have made it possible for government to introduce the interim arrangements before January 1. In doing so the States General complied with general wishes at consultations at Hague. Government is of opinion that they should second this. It is partly for this reason that immediately after this decision of States General, they have appointed a high representative of Kingdom whose arrival foreshadows conclusion of era of Governors General and beginning of new period in very near future.

We have now entered phase of constructive final world for which effectuation of United States Indonesia is only waiting.

If Republic, too, as result of an—unfortunately not yet realized—agreement which is acceptable to all parties would join in side by side with territories represented here, the Netherlands Government would greatly rejoice.

As far as furtherance this possibility would require any changes in drafted interim arrangement, government trusts that territories here represented will be found willing to hold necessary consultations provided these changes concern items against which neither you nor government have essential objections.”

Signed Cochran.

LIVENGOOD

501.BC Indonesia/11-2048 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

BATAVIA, November 20, 1948.

1018. Gocus 451. Following official communiqué released Batavia November 20, 5 p. m.

“Netherlands Government has made extensive and profound study of account given by Minister Stikker regarding his discussions in Indonesia. Cabinet has thereupon come to conclusion there might be possibilities to solve at short notice on basis of pattern laid down by Netherlands Government differences existing between Netherlands and Republican Governments by negotiations. Therefore Cabinet has appointed Minister Overseas Territories Sassen, Minister Foreign Affairs Stikker and Royal Commissioner in Indonesia Neher to form delegation for holding discussions in Indonesia with both Republican Government and Federalist Nationalists in order attain final solution. Delegation will be assisted by some leading members States General as observers as well as by some experts from Netherlands whilst in Indonesia such other experts as may be required may be attached to delegation in concurrence with representative of Crown. Delegation will leave shortly for Indonesia: Whereas several months ago Federalist Nationalists at invitation of Netherlands Government came to Hague for consultations which led to gratifying results, delegation is of opinion that this time they should meet in Indonesia.”

Signed Cochran.

LIVENGOOD

501.BC Indonesia/11-2248 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*<sup>1</sup>

SECRET US URGENT WASHINGTON, November 22, 1948—4 p. m.

586. Usgoc 182. Neth Amb called on Acting Secy Nov 21 to deliver memorandum quoted Usgoc 183.<sup>2</sup>

<sup>1</sup> Repeated as 590 to The Hague.

<sup>2</sup> *Infra*.



Van Kleffens spoke with feeling on desire Neth Govt reach negotiated settlement of practical character, citing as evidence conciliatory attitude willingness Stikker to return Jogja with Sassen, etc., leaving aside considerations of pride. Van Kleffens interpolated his personal view that Sassen, Neher and political leaders, now believing Stikker likely succeed achieving negotiated settlement, wish to climb on bandwagon. Van Kleffens said Hatta's statement on penalties truce violations excellent and that it had in his opinion been made at critical moment in Stikker's struggle with cabinet. Van Kleffens added he hoped Cochran could convince Hatta importance of continuing reduce infiltrations while conversations with Stikker and company in progress so as minimize opposition to Stikker from Batavia Dutch. This connection, Van Kleffens observed assassination Dutch nationals in Dutch territory (he named Admiral Helfrich's son-in-law) had caused bitter feelings States General and Dutch public as families victims had brought great pressure bear on press and members parliament. Van Kleffens spoke in support his Govt's appeal to US Govt (final para memorandum) dilating on impracticality maintenance in interim period of two military organizations who had so recently been adversaries in field.

Acting Secy said he was much encouraged by press release (Gocus 451<sup>3</sup>) and had noted optimism memorandum and Van Kleffens' remarks; said he would consult Dept officers and Cochran on role US could play pursuant Neth request; that Cochran would continue in any case to make energetic and courageous efforts he had in past to resolve differences in just and practical manner; agreed Hatta should be reminded by Cochran of bad results infiltration during course of conversations and said Hatta would doubtless understand problem somewhat better if he were shown through reference to particularized examples, effect on Dutch press and parliament pressure by families of victims.

Van Kleffens touched briefly but solemnly on belief Stikker's failure in Indonesia would result fall present Neth Govt and that it appeared to him almost impossible form another cabinet in present circumstances. He correlated this unhappy prospect with uneasy political situation Belgium and France.

Van Kleffens said he believed present effort Stikker and Hatta not only crucial but perhaps last opportunity to reach agreement. Praising Cochran's efforts, he expressed hope that Cochran could be apprised of Dept position on substance of memorandum as soon as possible and in any case that Cochran effect early liaison with Stikker upon his arrival Batavia which is expected Wednesday. Acting Secy agreed desirability close collaboration Cochran and Stikker, assured Van

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<sup>3</sup> *Supra.*

Kleffens Cochran would as usual give Stikker every appropriate support and added that it appeared to him Cochran would be wise to make some similar friendly connection with Sassen. Van Kleffens agreed.

Van Kleffens was reminded that Repub would find this matter difficult, that Cochran would act within his authority as good officer and that Neth would presumably be prepared offer Repub guarantees of definite character that military powers Neth wishes to repose in High Commissioner would not be used to Repub disadvantage. Van Kleffens replied that he was entirely uninstructed this point but supposed his Govt was most certainly prepared to offer such guarantees. This connection, he emphasized the "nominal character" of powers over both Indo and Neth military which his Govt wished to lodge in High Commissioner observing that some such concession to prestige of Crown during interim period appeared necessary to internal consumption Neth. Van Kleffens was reminded that this prestigious consideration weighed with equal force against Hatta, which Van Kleffens freely admitted but suggested that Indo public opinion less aroused than Dutch and that military problem in Repub might be solved through appeal to individual military leaders such as Soedirman, whereas in Neth entire parliament, press, etc., were involved. Van Kleffens added that as a practical matter the High Commissioner, if enjoying command over both Neth and Indo federal forces, could not request Indo forces to do that which they did not wish to since they would refuse.

In brief conversation with Dept officer following conversation Acting Secy, Van Kleffens expressed his personal agreement with view that good sense required Neth to come to terms with Hatta since Hatta doubtless best man likely to rise to power in Repub.

As you will see from foregoing you are committed by Dept only to making earliest contact with Stikker and Sassen, giving Stikker every support in overcoming difficulties intransigent Dutch advisers and every appropriate support in conversations with Hatta. In all other respects, Dept relies with every confidence on your estimate of the situation and your good judgment.

LOVETT

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501.BC Indonesia/11-1248: Telegram

*The Acting Secretary of State to the Consulate General at Batavia*<sup>1</sup>

CONFIDENTIAL

WASHINGTON, November 22, 1948—4 p. m.

587. Usgoc 183. Following is text memo handed Acting Secy by Neth Amb Wash Nov 21:

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<sup>1</sup> Repeated as 591 to The Hague.

"As result Stikker's recent visit Indonesia, Neth Govt and Repub Govt have come great deal nearer to agreement.

On Thursday Nov 18 Neth delegation had instructions to present in Jogja to Premier Hatta message from Neth Govt to Repub Govt, based on encouraging feeling of hope as to possibility of peaceful early settlement. Message deals with number important outstanding points to be settled, of which two of essential significance, and it is in respect of these two points that active assistance of US Govt is earnestly solicited in order that Repub Govt be urged to adopt reasonable solution. These two points are following:

In course of exchange views taken place during Stikker's recent stay Indonesia, Repub has given to understand:

1) that in agreed interim period (that is, transitional period preceding coming into force of constitution of USI) it envisages military organization based on principle that armed forces of Neth will be under High Rep of Crown (Beel), whilst on other hand all Indo forces (present Repub forces plus Indo forces to be drawn from non-Repub territory) would be under Federal Interim Govt. Only if and when in case of emergency FIG would ask for aid by Neth forces, High Rep of Crown would be in charge all armed forces, Indos as well as Netherlands;

2) that Repub apparently wishes see part of Repub Army (TNI) as well as of armed organizations known respectively as ALRI and AURI incorporated as such (in other words: as units retaining to higher or lesser degree their identity) into Federal forces. (Note: Remainder of Repub forces to be organized partly, in opinion of Repub, as special police or for some other govt purpose, or to be absorbed in ordinary civilian life.)

Neth delegation was to explain to Premier Hatta on Nov 18 at Jogja that these ideas would not present workable and satisfactory solution. Armed forces of Neth and of Repub have for last few years faced each other as adversaries; it is obvious that continued existence during interim period of those two groups armed forces under separate commands, and of Repub forces generally, would only tend to perpetuate atmosphere of antagonism in period when nothing should be left undone to build up unity and friendliness. Also, non-Repub parts Indonesia would feel constantly menaced by army which would be federal in name, but to large extent Repub in reality. Furthermore, that army would thus consist in considerable measure of separate elements with unitarian and therefore anti-federal outlook, and it would to same extent be imbued with anti-Neth ideology unconducive to smooth cooperation. High Rep of Crown, representative, in other words, of sovereign power during interim period, would have no authority during that period over Indo troops, not even in emergency so long as Federal Interim Govt does not ask for assistance by Neth



forces (see above). Tension would be maintained in period during which Neth Govt wants to see everything done which may contribute to easing stresses and promoting harmony, both between hitherto Repub and non-Repub parts Indonesia and between nascent Federation and Neth.

Neth Govt fully realizes that from psychological point view it is difficult for Repub to disband its armed forces. It therefore quite willing to assist by raising no objection to building up strong amalgamated federal army, consisting in due part of gradually re-indoctrinated officers and men who at present still belong to Repub army, remainder to be absorbed into civilian life in interest national Indo production.

Neth Govt making strong and friendly appeal to Repub Govt and its feelings of responsible Indo nationalism to settle questions above referred to in interest of Indonesia as whole and of strengthening those forces in southeast Asia that are opposed to expansion of Communism.

Neth Amb has been instructed to request active support of US Govt and its intercession with Repub Govt in order obtain that satisfactory solution of two above-mentioned questions (mutually acceptable construction of high command of armed forces in Indonesia during interim period, and composition of federal armed forces) which is essential if overall agreement to be reached which Neth Govt believes in sight provided that both parties cooperate towards reaching truly workable settlement outstanding questions."

LOVETT

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501.BC Indonesia/11-2548 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET

US URGENT

BATAVIA, November 25, 1948—9 p. m.

1029. Gocus 456. Received by Stikker alone 4 p. m., November 25, and talked 50 minutes. He said he had bitter struggle at Hague and not yet sure of success but hopeful. I said I had heard of some of his difficulties and had been trying to pave way for his return. With Hatta in Sumatra and GOC refraining from going to Republic, I had not seen Hatta or Sukarno personally. I said I had talked secretly with Darmasetiawan and Supomo on different occasions in Batavia and would speak with them again before they join Hatta for conversations to resume in Kaliurang 27th.

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<sup>1</sup> Repeated in telegram 598, November 29, 10 a. m., and airgram A-267, November 30, to The Hague.

I let Stikker know I had told my 2 Republic friends he was having especially hard time over questions TNI, Army Command and infringements. I said I had told them as good officer I could not pass on merits any arrangements discussed directly by Hatta and Stikker. I had assured them, however, I was convinced Stikker had more conciliatory and reasonable attitude toward Republic than any Netherlands official I had met. Furthermore I was sure he was the one individual most likely to achieve peaceful settlement for Republic. It was my thought therefore that Hatta and Sukarno would desire to know points on which Stikker experiencing trouble with his colleagues and would be anxious meet his position thereon as far as they could without losing their own support.

On army question I had stressed to Supomo and Darmasetiawan that, in addition to political embarrassments, they would be ruined economically if they tried to keep large army of their own. I told Republic friends, but did not tell Stikker, that plan I understood Stikker would ask Republic take on army and military command would be more easily accepted by Republic than would possibly USDel plan. I pictured to my friends therefore wisdom of endeavoring reach amicable settlement in direct conversations yielding to Netherlands on points which Stikker emphasized and perhaps gaining on others in turn. I said this much more to their advantage than resorting to GOC where I could not support them beyond USDel plan. I let Stikker know that I had also told Republicans how much importance he attaches to diminution infringements and incidents at this juncture. I told Stikker that Sukarno had sent back message of appreciation of my information and had promised take advantage of it. Furthermore he had indicated his pleasure at Stikker returning to Kaliurang and had volunteered send RepDel to Batavia after Stikker visits Kaliurang if this may be desired.

Stikker thanked me warmly for what I had done and asked that I give one additional point. He said since arriving here he had been informed that Hatta contemplated raising question in initial conversation as to whether Netherlands is resolved to carry out second police action if present conversations fail. Stikker said this would create very bad atmosphere and hoped no such incident would arise. While promising to say [only?] the necessary to my friends, I let Stikker know that bad atmosphere for renewed conversations already being created here by Spoor and his information service and by quarantine measures against Republic. I said Republic would be very sensitive to any tough approach on part of NethDel after having enjoyed such pleasant contact with Stikker. When I spoke of Spoor and his group, Stikker said they had gotten so far out of hand that it had become vitally necessary get quick peaceful settlement. Stikker asked me tell Republic friends not be upset by any initial attack of Sassen. He said

that if Republic could meet his own 3 or 4 points mentioned above he was confident his government would accept agreement with Republic and that whatever points Sassen might raise would not outweigh his own. He hoped therefore that Republic would meet his own position reasonably and confer quietly and patiently with Sassen without threatening break off conversations in early stage and resort GOC.

Following up Sukarno idea of RepDel coming Batavia, Stikker said he would suggest NethDel remain Kaliurang only 3 days. If conversations went well he would then try get Hatta and his delegation come back to Batavia with NethDel. Further conversations would then be held in Batavia, or conceivably both NethDel and RepDel might go to Bandung to meet group there. In any event Stikker hopes get Rep Del to Batavia and in contact with Bandung group either Batavia or Bandung.

Once informal conversations between 3 groups have progressed to satisfactory point NethDel and RepDel would then come into GOC where their technicians would work with us in drawing up formal agreement and certifying it under GOC auspices. Stikker said his group anxious to push ahead and would even like to have agreement completed and interim government set up by December 15. He said January 1 is latest date possible for institution of provisional government under emergency legislation now in force.

At 5 o'clock Messrs. Sassen, Stikker and Neher received Critchley, Herremans and me. They each spoke briefly outlining plans to resume conversations at Kaliurang on various points to be covered with Republic and then to continue conversations in Batavia and possibly Bandung before coming to GOC for formal settlement with Republic. They all stressed their interest in achieving successful settlement without bypassing GOC or using duress. Sassen was cordial throughout. Neher was evasive as usual. We assured group of our desire see direct conversations succeed and GOC utilized as fully as required. According to present plans, 3 delegates and 10 or 15 advisors and secretaries will proceed Kaliurang 27th and return 29th or 30th.<sup>2</sup> Signed Cochran.

LIVENGOOD

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<sup>2</sup> Telegram 597, November 29, 10 a. m., Usgoc 208, to Batavia, told Mr. Cochran the "Dept highly gratified your handling situation" described in telegram 1029.

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501.BC Indonesia/11-2648 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, November 26, 1948—5 p. m.

1031. Gocus 458. Today 11:30 a. m. received Darmasetiawan, Supomo and Sudjono. Gave them list of 3 delegates and 14 advisors



and secretaries constituting Netherlands group proceeding Jogja 27th by KLM. Told my friends secretly of visit with Stikker and gave them points (Gocus 456<sup>1</sup>) which they should communicate orally Hatta and Sukarno alone promptly on arrival Jogja 27th.

Republicans told me Prime Ministers Pasundun and Eastern Indonesia had talked with them following meeting of Bandung group with Sassen group. Said two main points made by Sassen were that "incidents" had to be reduced and Republic should not have more prominent position in interim government than Eastern Indonesia or Pasundun. Both Prime Ministers friendly to Republic and volunteered go Kaliurang 27th with Netherlands and Republic representatives if latter thought this wise. They sought my advice. Since I had let them know Stikker contemplated endeavoring bring Hatta and party to Batavia following Kaliurang talks, my friends agreed my idea visit of 2 Prime Ministers to Jogja should not be made lest arouse antagonism NethDel and also of Bandung colleagues. I said there should be full opportunity for contact and cooperation after Kaliurang conference. Republicans commented no Netherlands proposals to date have suggested reducing Republic to level smaller state. They feel this may be one of tough frontal attacks to be expected from Sassen initially. They will be patient and depend on fair settlement being reached in end.

British Consul General called 25th. Had received suggestion from his government he might be helpful in advising Republic to be conciliatory on Stikker's trouble points. After he received certain background information from me on this subject, he said he might find occasion to speak with Darmasetiawan and Supomo but would certainly not endeavor go to Republic or contact Republic formally. Signed Cochran.

LIVENGOOD

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<sup>1</sup> *Supra*.

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501.BC Indonesia/11-2948 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

BATAVIA, November 29, 1948—3 p. m.

1036. Gocus 461. Darmasetiawan called November 27 after spending day Jogja. Had seen Hatta and Sukarno immediately after arrival in forenoon and gave them messages from me (Gocus 456 and 458<sup>1</sup>). Said both were most appreciative. Said Sukarno asked visit him soonest but knows impossible at present. Said first formal conversation between Netherlands and Republic groups scheduled for 5 p. m. No-

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<sup>1</sup> Telegrams 1029, November 25, p. 499, and 1031, *supra*.

vember 27 Jogja. Hatta to be assisted in conversations by Supomo, Roem and Leimena. Darmasetiawan and Sjahrir proceeded Jogja today.

Stnyt informed me 27th local government lifted ban on press correspondents going to Republic. Parliamentary leaders arrived from Hague afternoon 27th and met with Beel 5 p. m.

Delighted see Kuhn's timely Indo story of 28th in USIS bulletin and copied locally in Aneta. Darmasetiawan promised circulate in Jogja.

Riphagen advised this morning that States General representatives conferring in Bandung today. He had no information whether they would visit Republic during present conversations or as to how long latter would continue. Signed Cochran.

LIVENGOOD

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501.BC Indonesia/12-148 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET US URGENT

BATAVIA, December 1, 1948—11 a. m.

1041. Gocus 462. GOC (Good Offices Committee) received letter from Schuurman, Acting Chairman NethDel, dated November 26 announcing appointment Sassen, Stikker and Neher to attain final solution with Republic and Federalist Nationalists. Said these appointments do not change composition and task of NethDel. Said Netherlands Government hoped direct talks "will yield results and will shortly lead to conclusion political agreement under auspices GOC."

Received last night from Roem personal letter dated Kaliurang 28th wherein he expressed concern lest Netherlands maneuver into eliminating GOC from negotiations and producing agreement under pressure which would prove unsatisfactory. Roem thought Hatta's *aide-mémoire* following first Stikker talks (Gocus 441<sup>1</sup>) went too far and Hatta may lose PNI (Partai Nasional Indonesia) and Masjumi backing with resultant fall his Cabinet. Roem's letter concluded: "I am writing this letter to you whom we have learned to regard as friend of Indonesian people in conviction that I can call on you with appeal to do whatever is possible to lead procedure back into proper course, under auspices of GOC and on basis Cochran Plan, assured that that is right way to reach an agreement that will really assure peace and benefit not only to Indonesia and Netherlands but also whole world."

Above letter written at early stage of talks when pressure was undoubtedly heavy. Roem's anxiety over direct conversations has been known as was his fear lest Hatta concede too much. Roem holds key

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<sup>1</sup> Telegram 998, November 10, p. 479.

position as RepDel chairman. Highly important of course that Hatta and those Republicans convinced of necessity now consummating agreement should not be forced by Sassen beyond danger line. Stikker's influence will undoubtedly be major factor determining result.

Netherlands mission returning Batavia this evening. Parliamentarians have not visited Republic. They will participate at Sourabaya 2nd in ceremonies formal establishment East Java state. Republicans Sjahrir, Supomo, Darmasetiawan, Pringgo Digdo and Leimena will also arrive Batavia this evening. No information yet available as to plans for future conversations.

Aneta today carried report from Manila stating Senator Malone<sup>2</sup> would in Batavia "investigate reports that Dutch have misappropriated Marshall Plan funds on their Indonesian campaign." Malone due Batavia 4th. Signed Cochran.

LIVENGOOD

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<sup>2</sup> George W. Malone, Nevada.

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501.BC Indonesia/12-148: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET

US URGENT

BATAVIA, December 1, 1948—6 p. m.

1043. Gocus 463. Netherlands Mission returned Batavia 1:00 p. m. Understand they requested Parliamentary group cancel Thursday trip to Surabaya in order consult with them regarding Kaliurang talks.

Republicans Leimena, Supomo and Darmasetiawan arrived Batavia 2:00 p. m. and came directly to me. They reported atmosphere conversations pleasant but talks restricted importantly to implementation truce and military matters, particularly high command and authority HRC (High Representative Crown) in emergency. Stikker and Sassen each consulted with Hatta separately and in groups on several occasions. Stikker appreciative of Hatta's difficulties and constantly endeavoring find compromise and workable solution. Sassen pleasant but less understanding Republican problems and more rigid in demands. Hatta experiencing pressure from PNI and Masjumi on grounds his *aide-mémoire* after first conversation (Gocus 441<sup>1</sup>) went too far. Sukarno giving his complete support to Hatta on position assumed original *aide-mémoire* which also had backing of government. Sukarno dismissed yesterday from Republican Delegation.

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<sup>1</sup> Telegram 998, November 10, p. 479.



tion member Tjoa on grounds spreading incorrect information regarding Hatta and latter's policies. This man has been discordant member Republican Delegation for many months.

Last night Sassen wrote personal letter to Hatta<sup>2</sup> thanking latter for cordial reception and courtesies and expressing opinion talks had been most useful. Sassen indicated disappointment however over Hatta's hesitancy in meeting certain suggestions with respect to checking violations of truce and with regard army command and powers HRC. Sassen intimated in this letter Hatta had in present conference withdrawn somewhat from position set forth in original *aide-mémoire*. When shown letter this morning Hatta insisted to Darmasetiawan that Sassen had misunderstood him. Hatta said he had endeavored explain to Sassen letter for delivery Friday which will confirm Republican adherence to original *aide-mémoire* undertakings.

In endeavor solve military problem Netherlands Delegation submitted memorandum prepared by Spoor which contains *inter alia* provision for joint Netherlands-Indonesian staff. Hatta agreeable to general trend of memorandum to discuss further. Republicans advanced idea Sultan of Jogja be Minister Defense in interim government which appealed to Stikker and may offer way out. No invitation yet extended Hatta to come Batavia. Republicans feel no further conversations should take place at Kaliurang in light opposition of various Republican elements (including Roem) to continue talks in absence GOC. Stikker explained to Supomo advantages of further informal outside talks to clear up trouble points insisting Netherlands Ministers could not personally come into GOC as Netherlands Delegation members. If Sassen and Stikker satisfy Parliamentarians on their program, they hope conversations will be reopened Batavia and Republicans will have opportunity contact Bandung leaders here or at Bandung. Hatta feels he can do much to promote all-around agreement if he sees Bandungers. Republicans again sought my advice about two Federal Prime Ministers going Jogja. I counseled waiting for all-around talks. I told Republicans I would probably be seeing Stikker reasonably soon. They summarized their requests that Netherlands Mission:

(1) Appreciate Hatta will support original *aide-mémoire* and be backed by Sukarno and government thereon but cannot go beyond without risking government.

(2) Consider desirability accepting Hatta compromise on matter of infringements and enter political conversations soonest with hope political settlement will resolve most troubles.

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<sup>2</sup> Dated Kaliurang, November 30; for text, see SC, 3rd yr., Suppl. (Dec.), p. 141.

(3) Talk further on military matters including Spoor plan and idea of Sultan.

(4) Bring Republicans to Batavia soonest and get them around table with Bandung leaders.

Republicans gave me secretly copies pertinent documents and promised copy Hatta's letter to Sassen due Friday. Herewith text memorandum from Schuurman, Thomson and Gieben of Netherlands Delegation to Leimena and Simatupang of Republican Delegation dated November 28:

[Here follows text printed in SC, *3rd yr., Suppl.* (Dec.), page 138.]

Republican Delegation submitted following reply November 29 indicating exceptions to Netherlands Delegation plan and offering alternative ideas:

[Here follows text printed in SC, *3rd yr., Suppl.* (Dec.), page 139.]

When Netherlands Delegation appeared still dissatisfied with Republican Delegation position latter offered on November 30 idea of following joint communiqué to be issued by Governments of Netherlands and Republic: [Here follows text printed in SC, *3rd yr., Suppl.* (Dec.), page 141.]

This matter still to be resolved with Netherlands Delegation asking Hatta what more he can do.

Text Spoor memorandum submitted separately as Gocus 464.<sup>3</sup>

Republicans said last night important body 1200 Communists surrendered Monday included Sjarifuddin and Suripno. Signed Cochran.

LIVENGOOD

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<sup>3</sup> Telegram 1044, December 1, 10 p. m., not printed.

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501.BC Indonesia/12-248 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET      US URGENT

BATAVIA, December 2, 1948—3 p. m.

1050. Gocus 465. Visited Stikker alone 9 this morning his request. He was disappointed final outcome Kaliurang talks. Said atmosphere cordial and considerable progress made on certain lines. Said practically no difficulty on financial, economic and trade subjects. Said trouble was on implementation truce, military setup and powers high representative of crown.

Stikker said Republicans would accept little of NethDel memo on implementation truce and submitted counter memo which did not satisfy NethDel. Following this Stikker talked directly with Hatta and said latter should come forward with something constructive.

Joint communiqué then suggested by Hatta which might offer some possibilities if amended by NethDel.

Stikker said big disappointment came in final conversation between Sassen and Hatta. Sassen reported to Stikker that Hatta had gone back on promises made in original *aide-mémoire*. Stikker suggested Sassen may have misunderstood Hatta and recommended Sassen write letter to Hatta on points in question. Sassen wrote such letter Tuesday midnight. NethDel took plane Wednesday forenoon without further opportunity see Hatta. Darmasetiawan reported to Sassen and Stikker that Hatta upon seeing letter had said Sassen misunderstood him. Stikker said he was now in most difficult position. Said he had used Hatta's *aide-mémoire* as basis for convincing The Hague Government there was opportunity for negotiation and that mission should come to Indonesia. Now Sassen, chairman of mission, reports Hatta has reneged on undertakings given Stikker. Palace crowd capitalizing on this. Stikker told me his group meeting Federalists today or tomorrow. Said if Hatta's position not cleared up satisfactorily, he would have to return The Hague Sunday.

I let Stikker know three Republicans had come directly me yesterday afternoon (Gocus 463<sup>1</sup>). I said these were the three Republican officials working most loyally and helpfully with him to achieve peaceful settlement. I said their views were broader than some other leaders constantly within Republic. I said their account of Kaliurang conversations agreed almost entirely with his own. Said they felt strongly, however, that Sassen was pushing Hatta too far particularly on matter implementation truce, and Hatta would fall if he yields further and unless conversations come soon to successful conclusion under auspices GOC. Stikker agreed that Hatta was in perilous position and might even have to resign following Cabinet meeting yesterday and Working Committee meeting today. Said possible but he thought unlikely that Sukarno would resign if Hatta does. I told Stikker we must take cognizance of plea of dependable Republicans for way out of present impasse which will enable Hatta continue. Stikker agreed. He said capture Communist leaders most timely argument for Hatta regime.

I told Stikker I felt his group pressing too far in requesting Hatta give repeated broadcasts etc. on implementation truce. Stikker said if he could get basic matter of Hatta's adherence to *aide-mémoire* straightened out, he would be willing oppose his colleagues on too strenuous demands on trade. Said he would to this end enlist Labor support at The Hague. I told him this morning's Aneta reported from Netherlands considerable parliamentary argument on policy toward

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<sup>1</sup> Telegram 1043, December 1, p. 504.



Indonesia and obvious recognition that excessive zeal shown in trying make bad case against Republic on incidents etc.

I told Stikker I had received letter from Roem stressing difficulty of Hatta retaining support unless Netherlands mission relaxes on pressure and permits resumption full negotiation in GOC. Stikker said he realized Roem attitude representative of considerable group. Said he had told Hatta personally he had no intention bypassing GOC. Furthermore, he suggested Hatta that when Hatta comes Batavia they both appear personally before GOC and state they intend resume negotiations within GOC, but both prefer for present to continue direct conversations outside GOC, feeling that through this method they will achieve better and quicker results in overcoming certain difficulties. Stikker said Hatta agreed to this.

Stikker stated he was so confident he was on firm ground in believing peaceful settlement could be negotiated that he is quietly having his own men Blom and Dupont work with Supomo here in Batavia on completing paragraphs of political and related nature for utilization in final accord. I said that for him to go The Hague now and be away for week or ten days or for Netherlands mission to fail to call Hatta and his group to Batavia in immediate future would probably be fatal to Hatta Government. He admitted this and still seeks settlement before fifteenth. Said he also realizes that if Hatta Government falls chaos may result and police action be recommended by those Netherlands elements which have constantly told him negotiations with Republican Government would be to no avail.

At this point I told him if there was any threat or imminent danger police action "my people would hit ceiling". I told him he must have learned during his visit to Washington how strongly opposed US would be to second police action and what serious view my government would take of it, as would British and many others. I told him my Department had left entirely my discretion measures which I should take toward assisting in negotiations between his group and Republicans. Said I was as interested as ever in trying aid him and would continue either outside or inside GOC do everything possible to bring about peaceful settlement. I reminded him however there would be limit beyond which I could not risk going. Threatened collapse of Hatta under Netherlands pressure or imminence of resort to military action by Netherlands would necessitate my reporting frankly to my government and exploring another course. I said he understood this as well as I did and there was no need mention it further. I said my immediate job would be get desired letter from Hatta. I suggested I see Supomo, Darmasetiawan and Leimena and explain importance receiving required letter on Friday. He agreed to idea of their draft-

ing communication which they would let me carry to him at 6:30 this evening for preview with understanding Darmasetiawan would take it to Hatta by plane Friday morning.

At 10:30 I told three Republicans of my talk with Stikker. They agreed draft letter for submission to Hatta although they said Hatta already planned write such letter with assistance Sjahrir now in Jogja. Darmasetiawan said Hatta insisted strongly Sassen had misunderstood him and would make this clear in his letter. I told Republicans that Stikker felt Republicans would have to confirm sovereignty of crown during interim period and not insist upon TNI entering federal army as separate unit. Supomo pointed out that paragraphs of original *aide-mémoire* which deal with security in interim period make required concession on powers of high representative of crown. Furthermore he said Republicans did not envisage TNI coming in as entity which will remain separate and would be quite willing work this out on basis Spoor plan.

Critchley called on me following Republicans. He feels situation critical and Hatta cannot give letter which will satisfy Sassen. Critchley thinks Netherlands should make concession to Republicans in not demanding authority for high representative of crown to send Netherlands troops into Republican territory without approval interim government. Critchley feels GOC should take immediate steps to draw two parties into it for negotiations and oblige NethDel show what concessions it is making to Republic. I replied I was quite conscious of present dangerous situation but would not interfere until and unless I thought Stikker had failed. I was still hopeful Stikker would succeed.

Have arranged GOC plane take Darmasetiawan Jogja tomorrow and bring back as soon as letter received. Signed Cochran.

LIVENGOOD

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501.BC Indonesia/12-248 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

CONFIDENTIAL

WASHINGTON, December 2, 1948—3 p. m.

604. Usgoc 210. Thamboe called Dept Nov 30 apparently feeling present situation called for full statement necessity exertion maximum US influence to restrain Dutch. In course lengthy discussion, Thamboe stated he instructed by Hatta seek Dept help in:

1. Persuading Dutch agree enlargement demilitarized zones and substitution civil for military police in zones.

2. Persuading Dutch as earnest their fair intentions cease creation new political organisms, viz, South Sumatra and East Java states and Federal district Batavia.

3. Persuading Dutch agree permit shipment textiles to Repub from US.

4. Having Cochran plan formally presented parties soonest in anticipation possible lack concrete result current talks.

Re textiles, telegram follows.<sup>1</sup> Re other points, your views requested. Re point 1, Dept officers pointed out this matter subject dissension for months and finally allowed drop since enlargement demilitarized zones might handicap both sides in dealing bandit gangs possibly heavier armed than police and since civil police on Neth side would necessarily be Indos which might result friction. Thamboe said he certain Hatta had weighed all factors and still considered matter most important. Dept officers reminded Thamboe great importance to successful outcome Stikker-Hatta conversations of Hatta's making sustained effort repress truce violations this time.

Thamboe stated that regardless damaging nature this confession he must stress that Hatta sitting on volcano. He implied time running out for effective US support of Hatta Govt and cited reports acute apprehension Repub at prospects renewal police action, stating he wondered if purpose Neth cabinet delegation to Indonesia was to prepare ground for later claim Neth had done utmost achieve accord with Repub but had been frustrated by lack Repub cooperation.

Thamboe appeared derive some encouragement from statement by Dept officers that evidence indicated sincere intent on part Neth cabinet delegation, that Dept of course opposed police action and that Dept thoroughly understood all elements situation confronting Repub. Thamboe expressed appreciation role played by US, considering US responsible for transfer of power to order resumption police action from Batavia to Hague, which he believed important achievement.

Dept officers took occasion query wisdom Repub's ordering new currency issue here at reported cost two million dollars view probable slender resources Repub and substantiation it might appear lend to charges Repub lacked genuine intent reach agreement with Neth which would result creation govt all Indonesia and issuance uniform currency. Thamboe stated he believed cost currency nearer quarter of figure cited, that widespread counterfeiting present rupiah issue disrupting Repub finances, and that while Repub keenly desirous agreement, is not optimistic and must prepare for failure.

LOVETT

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<sup>1</sup> Not printed.



501,BC Indonesia/12-348 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*SECRET      US URGENT  
NIACTBATAVIA, December 3, 1948—1 a. m.  
[Received December 2—7:28 p. m.]

1051. Gocus 466. Supomo, Darmasetiawan and Leimena came 2 p. m. December 2 and left draft of proposed letter from Hatta to Sassen (Gocus 465<sup>1</sup>).

Received by Stikker alone 6:30 p. m. and talked one hour. Left copy draft letter with him. He had just finished painful session with parliamentarians who have accumulated in several days Indonesian documentation and data to supplement that already given them in Hague about incidents. Consequently they were demanding of Sassen and his mission satisfaction from Republic thereon.

Stikker told group he mentioned to me Sassen's letter of Tuesday night to Hatta and that I expected reply from Hatta to Sassen by Friday's plane. Question then arose as to what letter should contain to warrant resumption conversations. After meeting Stikker formulated his own ideas as to what letter ought include. He gave these to me. Said he would let his colleagues and parliamentarians know I had dropped in unannounced to show him draft which Republican representatives in Batavia had drawn up for submission to Hatta on Friday. He would add that he had told me of points which still concerned Netherlands mission and on which assurances would have to be forthcoming from Republic. I offered bring his ideas of letter to Republicans' attention.

Returning my quarters I prepared summary Stikker's points. Above-mentioned Republicans came 8 p. m. I recounted conversation with Stikker and gave my typed summary of his points. They prepared draft letter for Hatta's signature to take place first draft referred to above and to cover every point mentioned by Stikker. It was arranged Darmasetiawan should take draft to Hatta Friday morning and bring back reply same day for me to deliver Netherlands mission. Republicans agreed with me Hatta would be well advised sign suggested letter and indicate therein willingness bring special delegation to Batavia soonest to resume informal conversations, these to be followed by formal consummation of agreement on basis USDel plan within GOC.

10:30 p. m. Stikker telephoned he had bitter fight with his colleagues. Said announcement would appear in press Friday morning that he, Sassen and Neher plan proceed Hague Sunday. He said his colleagues had insisted on leaving Saturday. He said he had told them

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<sup>1</sup> Telegram 1050, December 2, p. 506.

I had dropped in to show Republicans' draft of letter for Hatta's signature and he had talked with me of issues on which Netherlands mission seeks satisfaction. He insisted to his colleagues it would be wrong and misunderstood for them to depart without giving me opportunity receive expected letter from Hatta. Compromise reached whereby departure fixed for Sunday with understanding that if Hatta letter justifies, announcement will be made that new developments have arisen which cause Netherlands mission remain longer Indonesia.

I told Stikker I would communicate foregoing to Republicans. He asked me to have Darmasetiawan proceed Jogja as planned but with this explanation and bring back letter soonest. I promised deliver it as soon as received. He said he would have his colleagues with him when I arrive.

At 11:00 I phoned Supomo foregoing developments. He appreciated critical situation and said Darmasetiawan would do his best bring back acceptable letter.

I shall inform Department soonest if letter received and as to reception given it by Netherlands mission. My recommendations as to whether we should proceed promptly with vigorous representations to Netherlands Government will depend upon attitude shown by Netherlands mission if reasonable letter received. Signed Cochran.

LIVENGOOD

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501.BC Indonesia/12-348 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*<sup>1</sup>

SECRET      US URGENT      WASHINGTON, December 3, 1948—6 p. m.  
 NIACT

610. Usgoc 212. Projected *aide-mémoire* to Neth (Deptel 559 Nov 5) now redrafted as follows, for your info and comments. It will be held until you consider its presentation necessary and advisable.

"1. Welcome decision by Govts of Kingdom Neth and Repub Indonesia to resume negotiations on basis draft agreement submitted informally Sept 10 by US Repr on GOC provides appropriate occasion for recapitulation certain views US Govt on situation confronting parties to dispute.

2. At outset, Dept State wishes express its appreciation of resolute and successful efforts of statesmanship exerted by Neth Minfonaff to clear way to earliest consideration essential issues in dispute. Dept confident his achievements have greatly enlarged possibility of attainment of final political settlement.

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<sup>1</sup> Repeated by air to The Hague. Telegram 837, December 9, 5 p. m., from The Hague, stated that the text was received on that day and "We feel strongly that Embassy Hague should have had an equal opportunity with Batavia for comment thereon". (501.BC Indonesia/12-948)

3. Regarding objectives of such settlement, successive US Reprs on GOC together with other neutral observers whose opinions this Govt has reason to respect have come to identical conclusions. These Dept State may venture recite as follows: (1) Welfare of Indonesia vitally dependent upon continued availability to Indonesia of experience and judgment and of technical and administrative proficiency of Dutch. (2) In long run, influence of Neth and economic stake it retains in Indonesia will be proportional to confidence and good will accorded Dutch by Indo people. (3) Preponderant desire of Indo people govern themselves finds its chief expression in Repub of Indonesia, which must be considered not as geographical concept but as political force.

4. In view this Govt, US draft agreement embodies in broad outline concessions to nationalist movement which must probably be incorporated in any agreement which Repub Govt could accept without loss of essential political support and which Neth Govt may offer without impairment its essential interests. This is, of course, not to imply that draft agreement is in any sense to be regarded as fixed and unalterable in its specific provisions. US Govt earnestly hopes, however, that Neth Govt will find itself able accept general concepts draft agreement as pattern of settlement with Repub and that negotiations may be continued on understanding that their object is not to provide occasion for substitution by either party of wholly different design which other could not accept but to effect such alterations draft agreement as both sides may consider possible of acceptance or as GOC may be convinced are reasonable and advantageous, and with assurance both sides mean carry out in cooperative spirit undertakings entered upon.

5. Should final position taken by Neth be one which Repub Govt, even with end of its political and physical resources in sight, would consider it could not meet, present truce could scarcely be expected endure. Further weakening Repub Govt, which has so far been able offer its supporters neither satisfactory settlement nationalist issue nor amelioration of deteriorating economic condition Repub-controlled territories, could only further impair its ability restrain extremist elements, whose activities have already been source natural concern to Neth.

6. In any general conflict, it is not doubted that Neth military forces would be able capture all Repub centers in Java and all but most remote in Snmatra in matter of few weeks or even days. However, aside from fact that resort to military force would come as profound shock to American people, it is doubtful that any issue would be settled by such quick successes. Concurrent development would probably be destruction of substantial proportion Neth properties in Repub-controlled territory by retreating Repub forces as part of general scorched-earth strategy for which Repub said to have made preparations. Repub potential for guerilla warfare cannot yet be known. But at same time, it believed that revolutionary groups, however split up, would in long run be able utilize weapon of sabotage to decisive effect, that by destruction factories, plantations and transportation facilities, by assassination estate personnel and intimidation workers, revolutionary forces would be able cancel profits which might normally accrue from Dutch-owned and foreign-owned properties and trans-



form Indonesia from economic asset to Neth to ever more costly liability. Such outcome could seriously deplete resources of Neth and tend nullify effect appropriations made to Neth and Indonesia under ECA, or jeopardize continuance thereof.

7. Physical assets to Neth in Indonesia, precious as they are to European recovery and stability, would not be only assets lost. Good will of Indo people would necessarily in course of struggle be replaced by bitterness and enmity toward Europeans and nationalist movement come under sway of leaders with whom no truce, no common understanding would be possible. Govt of Prime Min Hatta may, in opinion Dept State, offer last opportunity for settlement Indo dispute in which legitimate interests both sides could well be preserved and enhanced.

8. Should this opportunity be lost through rejection by either party of basic intent of US draft agreement without agreement being reached on any other solution of dispute, US will have no other recourse but make clear in SC its position that draft agreement is fair and practical basis for settlement, fully consonant with *Renville* principles.

9. Should US Govt at this or any subsequent stage conclude that it has made without avail full contribution of which it capable to settlement Indo dispute through agency GOC, it would perforce consider its resignation from Committee would be in order."

In light final para Gocus 466 Dec 3,<sup>2</sup> you may wish recommend other representations from Dept to Neth Govt designed more specifically than *aide-mémoire* above to promote continuation present negotiations. If so, Dept will await your suggestions both as to substance and timing.

LOVETT

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<sup>2</sup> *Supra*.

501.BC Indonesia/12-448 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State* <sup>1</sup>

SECRET

US URGENT

BATAVIA, December 4, 1948—2 a. m.

[Received December 3—9 p. m.]

1055. Gocus 468. Aneta December 3 reported Batavia "it was officially announced that in accordance with decision of Dutch Government, Dutch Ministers Sassen and Stikker as well as Neher will return to Netherlands on Sunday next to report about their talks both in Batavia and Kaliurang."

Darmasetiawan proceeded December 3 Jogja and returned 5:30 p. m. with letter. Accompanied by Supomo and Leimena he brought sealed letter to me for delivery Sassen. There follows hurried

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<sup>1</sup> Repeated in telegrams 608, December 6, 6 p. m., to The Hague, and 694, December 7, 5 p. m., to Paris (for Rusk and Bancroft).

translation from Dutch text of copy of letter dated Jogja December 3 addressed Sassen signed Hatta :

"Allow me in correction our letter November 30 to explain to you following in order remove impression you have gained that I have withdrawn from what I have given Mr. Stikker on his previous visit Kaliurang. During our talk of Tuesday evening at Kaliurang, at which we spoke frankly about our mutual problems, I said *inter alia* that as regards many points of *aide-mémoire* I have gone too far for many people especially the PNI, but that I still adhere to standpoint therein set forth. It is possible you have misunderstood my remarks explained in preceding sentence.

I take opportunity to invite your attention to following points:

1. Whereas I am of opinion like you that federal interim government should be established soon as possible, no time must be lost with sterile discussions. Therefore, I am prepared go Djakarta and accept, if Dutch Government also willing do so, to endeavor continue direct conversations on basis of *aide-mémoire* of November 10 and end them before December 15.

2. Republican Government is of opinion that after having informed GOC that conversations will continue in Djakarta these conversations will be held in same informal way as they have been held in Kaliurang, to be followed by formal consummation of agreement on basis of Cochran plan within GOC.

3. With reference to my draft joint communiqué regarding declaration to be signed by both parties about truce infringements, Republican Government is keen to know your opinion about said draft."

Darmasetiawan told of visit with Hatta and Sukarno. Said Hatta has Cabinet meeting scheduled Saturday 10 a. m. and will therein seek support for position he contemplates taking in conversations at Batavia. He would meet with his political party leaders Sunday for similar discussion. He would come to Batavia with complete staff ministers, technical advisors and five leaders political parties.

I was received by Sassen, Stikker and Neher December 3, 7:15 p. m. I explained my role to Sassen as agreed with Stikker (Gocus 466<sup>2</sup>). Handed Sassen letter which he read aloud in Dutch to colleagues and translated to me. I gave them list of officials whom Hatta proposed bring with him. I explained that if Netherlands mission decides invite Hatta invitation should be telegraphed when circuit opens this morning. If contrary decision taken I should be told yet tonight in order send Darmasetiawan by GOC plane to Jogja Saturday in time see Hatta before Cabinet meets. (Jogja telegraphic communication too slow to ensure transmission of message before 10 a. m.) Sassen insisted I was hurrying him too much since letter would require study and possible reference Hague. I argued he was complaining of shortage

<sup>2</sup> Telegram 1051, December 3, p. 511.

time and had even wanted Republicans come on twenty-four hours notice. I said unfair to Hatta let him go ahead in Cabinet meeting with discussion plans for Batavia conversations and then not be invited. Said Hatta's position could be strengthened by extending cordial invitation resume conversations Batavia after Netherlands mission has now talked twice Kaliurang.

Sassen asked if Republicans understood they would have to discuss infringements. I said they did and that proposed joint communiqué offered opportunity handle this subject. I urged giving Republicans their due opportunity come around conference table Batavia. I pictured strong points Hatta regime and threatened chaos if Hatta falls. I told Sassen he should grasp this last opportunity and not weaken Hatta further. I said my Republican friends here realize seriousness of situation and desire help with agreement but will not see Hatta humiliated endlessly and then ruined. Sassen insisted he intended no humiliation and would consider letter carefully. He contended, however, that he had not misunderstood Hatta on question of *aide-mémoire*. Whether or not misunderstanding I thought Sassen ought be sufficiently satisfied with Hatta's reaffirmation of *aide-mémoire* undertaking at least to permit him resume conversations Batavia. I mentioned keen interest my government in seeing Indonesian question settled soonest and my own efforts help achieve peaceful and honorable entrance of Republic into interim government. Sassen pondered heavily and agreed call me later in evening after his group could study problem further.

At 11:45 p. m. Stikker's secretary telephoned group meeting still in session. Considering sending advisors Schuurman, Dupont and Blom to Jogja. Promised let me know definitely in half hour so I could make final arrangements GOC plane.

At 1:30 a. m. this morning still no decision from Netherlands mission. Consequently filing this message to be followed by morning message giving decision.

I should explain that to protect Stikker I had to refrain from telling Sassen and Neher at our meeting how completely Hatta had in his letter covered specific desiderata given me in writing by Stikker Thursday night. When Sassen mentioned at evening session idea of sending some of his advisors to Jogja I reminded him question was simply one of invitation and that Hatta would be in Cabinet session from ten on. Consequently imperative have Netherlands decision known to Hatta before ten. What the three advisors might do in Jogja I am not sure but attitude of Sassen is certainly making settlement as difficult as possible. Signed Cochran.

LIVENGOOD



501.BC Indonesia/12-448 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*TOP SECRET      US URGENT      WASHINGTON, December 4, 1948—5 p. m.  
NIACT

614. Usgoc 216. Eyes only for Cochran. Between para numbered 9 and final unnumbered para Usgoc 212,<sup>1</sup> insert as final para *aide-mémoire* para numbered 10 "That event US Govt would regard itself no longer bound by restrictions heretofore imposed by its membership on Committee and would consider itself free to take such measures as changed circumstances might require".

You will have noted omission from *aide-mémoire* of any specific reference to ECA. Dept not only wishes to avoid any expression which might imply threat punitive ECA action by US against important member Western Union this critical phase European developments but also it particularly wishes to avoid even implied threat which it might in last analysis not find itself free to implement.

Since it is inevitable that Repub officials will as negotiations reach their climax look increasingly to you for guidance and support, Dept feels you should be aware of limitations which circumstances have placed upon it and therefore upon you so that Republicans will not be misled into taking unbending positions in expectation that threat of US action vis-à-vis Dutch will ultimately justify them.

Dept fully cognizant acute difficulties and strain your position and wishes commend you for your patience and skill in circumventing obstacles to resumption negotiations and in preserving, under formidable handicaps, situation in which negotiation of final peaceful settlement not precluded.

LOVETT

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<sup>1</sup> Telegram 610, December 3, p. 512.

501.BC Indonesia/12-448 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>SECRET      US URGENT      BATAVIA, December 4, 1948—9 p. m.  
NIACT

1056. Gocus 469. Sassen came to my quarters 4:30 a. m. December 4 (Gocus 468<sup>2</sup>). He said he and two colleagues had all night session and were appealing my help on what they thought only way out.

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<sup>1</sup> Repeated in telegrams 608, December 6, 6 p. m., to The Hague, and 694, December 7, 5 p. m., to Paris (for Rusk and Bancroft).

<sup>2</sup> Telegram 1055, December 4, p. 514.

Sassen said his mission so bound by Hague instructions that they could not resume conversations without prior clarification and expansion some points in Hatta letter which I delivered Sassen evening December 3. I said letter impressed me as good and certainly all could be expected as result circuitous route followed in giving Hatta idea as to what was wanted.

Sassen said they had drafted various messages to Hague and kept an ace code clerk on job until 3 a. m. but finally telegraphed nothing. Said he and Stikker realized they would have trouble and delay if they posed questions to colleagues in their own absence from Cabinet. Still they could not act without clearing with Hague or clarification from Hatta.

They tried various drafts or [of] letter to send Hatta by Darmasetiawan and gave up realizing difficulty making letter all inclusive and specific and possibility Hatta could not take time out from Cabinet to send back immediate reply. They considered sending three advisors to catechise Hatta but realized these could not judge adequacy replies without referring back to ministerial trio. Finally they realized they themselves could not visit Repub again without embarrassing Hatta.

To fatigued and befuddled trio break of dawn brought bright idea "let Cochran do it". Specifically Sassen asked me proceed Jogja try bring Hatta back with me for clarification talk of two or three hours to determine whether resumption conversations feasible. I insisted if they had come to Indonesia to confer they should do just that and go ahead get Hatta and his whole group Batavia without preliminaries. I said common courtesy and hospitality required they extend invitation after their two stays Kaliurang. Sassen pled inability bring them here for resumption conversations under his binding instructions. Said either had to get Hatta down for preview or they go to Hague. Latter alternative would require more than week and throw out completely time schedule for agreement and setting up interim government. I reaffirmed desire help every reasonable way. Protested I would not be party to drawing Hatta into trap. Sassen insisted his intentions most honorable. I said I had reported my people lately signs possible police action against Repub. Said Senator Malone just arrived and heard he was interested in use ECA funds and source Netherlands mechanized equipment that would be used against Repub. Said I had not looked up Malone, preferring concentrate on liaison job with two parties. Still Netherlands should realize what terrific reaction they might get from our tax-paying but liberty-loving public if latter gained idea its contributions being spent on keeping down nationalism in Indonesia.

I said if Netherlands mission caused Hatta fall through pressure or completion interim government without Repub chaotic situation

would surely follow in which Netherlands militarists would go on warpath. Said I willing take personal chance on their errand if he assured me invitation extended by all three ministers and if they promised offer put Hatta up at palace and treat him like a gentleman. Sassen assured everything. I immediately arranged GOC plane, got Darmasetiawan and Leimena and departed 7 a. m. for Jogja. Repub friends showed me morning Dutch language paper with important leak therein "concession" made by Hatta in letter to Sassen. I revealed them purpose my going Jogja only upon departure and had told no one in Batavia of my mission.

Upon arriving Jogja 9:15 we saw Hatta immediately. I explained situation and extended invitation. He accepted. He said he would get through Cabinet meetings by twelve and then have one meeting of political leaders. Said he would have to return Jogja early Sunday to keep appointment for important scheduled meeting with party leaders. I promised plane arrangements. I explained that if everything went well Netherlands would invite him bring complete delegation Monday for resumption conversations. With this information he could make limited approach to Cabinet in this morning's meeting. Roem and Pringgo Digdo called on me and talked one hour. Roem highly insistent negotiations should be opened at once in GOC on basis USDel plan. I argued that much progress already made in direct talks; Netherlands would not now drop these talks and resort to GOC committee system with time so short; and by forcing into GOC now participation by Hatta, Sassen and Stikker would probably be eliminated. I assured him closest attention and interest of GOC and tried show him that just as good agreement could be negotiated this way as in GOC. I promised definitely that any agreement reached would be signed and formalized within GOC.

I lunched with Sukarno alone. I told him developments of recent days and particularly of today's errand. He approved everything. He talked seriously to me of problem with political parties and Army. I said on important points of command of forces and authority of Crown in emergency I could not oppose Netherlands position since my own plan was in comparable sense. I agreed he should get any concessions possible but reasoned against risking breakdown of negotiations on these points when *Renville* Agreements specify sovereignty of Crown during interim period. I asked him also suppress Roem on procedural insistence, recalling procedure followed in arriving at *Renville* Agreements. He wrote Hatta note on this point.

Party consisting of Hatta and two aides, Roem, Natsir, Leimena, Darmasetiawan and I returned Batavia 5 p. m. Met by Koets and Schuurman who took RepDel in charge for immediate conversations palace. I told Hatta let me know if he got in trouble. He hopes see



Federalists tonight. Plane arranged for his return Jogja Sunday morning. Signed Cochran.

LIVENGOOD

501.BC Indonesia/12-548: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET US URGENT

BATAVIA, December 5, 1948—5 p. m.

NIACT

1057. Gocus 470. Darmasetiawan telephoned 8 p. m. December 4. Hatta disappointed in meeting with ministerial trio, desired see me 10:30 p. m. (Gocus 469<sup>2</sup>). Trio had just requested GOC representatives meet palace 10 p. m., so I told Darma I would come to Hatta soonest thereafter.

Called to Consul General residence connection with desire Senator Malone visit Jogja fifth. Met Senator for first time. Saw his flight application in appropriate American and Netherlands hands and did not intervene thereon. Did not discuss Indo question with Senator few minutes I saw him and was particularly guarded since he brought up so quickly threat of "cutting money off from you fellows". I explained it was American.

Herremans, Critchley and I received by Stikker 10 p. m. He said trio departing fifth for Hague. Two colleagues in conference with parliamentarians so could not join him in final talk with us. Stikker said 2 hour conference between trio and Hatta had convinced trio they could not proceed further with conversations. Vital points were two. First Hatta said he could adhere personally and officially and as spokesman for government to his *aide-mémoire* in principle. For putting agreement based thereon into practice, however, sought gentlemen's agreement to protocol which would actually restrain high representative of Crown from using troops in Repub territory without concurrence interim government. Reference particularly paragraphs II C and III F *aide-mémoire* (Gocus 441<sup>3</sup>). Secondly Hatta not agreeable Spoor suggested joint command for Netherlands and Federal forces. Insisted latter should be under Indo commander responsible directly to Indo Defense Minister. Stikker said that trio's instruction from Hague were such they could not proceed with conversations in face position now revealed by Hatta. We put question closely to see if any chance Hatta having been misunderstood. Stikker insisted no misunderstanding. Admitted, however, Hatta quite tense

<sup>1</sup> Repeated in telegrams 608, December 6, 6 p. m., to The Hague, and 694, December 7, 5 p. m., to Paris (for Rusk and Baneroff).

<sup>2</sup> *Supra*.

<sup>3</sup> Telegram 998, November 10, p. 479.

meeting alone with trio. I expressed regret Netherlands permitted talks break off in such fashion. I reminded Stikker of our mutual desire get full RepDel to Batavia and here work out difficulties with Bandungers and others around conference table.

Stikker promised give us report after trio had consulted Hague and Cabinet decision taken probably next Wednesday. He said their recommendation would be that provisional government be set up immediately without Repub. Said his group has already drafted amendment to existing special act which expires December 31 and permits setting up interim government. Said this amendment would permit entry Repub into interim government after January 1 without further legislation. Intimated such amendment would be submitted for enactment soonest if approved by Cabinet. Saw no possibility returning Batavia soon. Said parted with Hatta on friendly terms and appreciative of latter's difficulties with military and political parties. Stikker said he had urged Netherlands officials Batavia keep military in line and play down Spoor's press service. He thanked us for our cooperation. We all indicated our regret at failure of negotiations and his departure but our admiration for his efforts. After leaving palace GOC group agreed chairman Herremans should speak to Sassen and Stikker before their departure for Hague. Explanation should be made GOC required telegraph SC Paris before latter's move from Europe as to outcome these informal talks Indo. We hope have material for Netherlands delegation by eighth or ninth at latest which would permit us base our report on proper documentation.

I was received at 11:30 p. m. by Hatta alone in Repub residence where he was spending night. He told me of his talk with trio recounting break-down points in language similar to Stikker. I asked him when decision had been reached to insist upon gentlemen's agreement or protocol on authority of HRC on military matters. He said such decision finally taken cabinet meeting forenoon fourth. That is after I had briefly called on him to extend invitation and prior our departure Jogja by plane. I expressed regret that he had felt such step necessary and that conversations had fallen thereon. He said his position with military and political parties required this measure. He was mindful of *Renville* provision with respect to sovereignty of Crown for interim period but also of other provisions favoring relaxation of sovereignty during that period. He pointed out that Netherlands trio had not taken exception to clauses in his *aide-mémoire* which would have restricted full exercising of Crown sovereignty in military matters in Java for one month and in Sumatra for two months after consummation agreement. He thought it reasonable that Netherlands should be asked for some concession in this field comparable to what

he understood had been gentlemen's agreement in India whereunder Mountbatten <sup>4</sup> pledged not to use troops. (Critchley had talked along same lines and used this example in our first GOC discussion with Stikker.)

In answer my inquiry Hatta said he had seen Prime Ministers Pasundun and eastern Indo after palace conference and prior my visit. Said they undertook not enter provisional government unless Netherlands promised not use force against Repub. Answer my further question, Hatta said he would continue as usual but position weakened by failure achieve agreement. He said Stikker had told him he found Hatta's letter December 3 quite good. Convinced Stikker would endeavor further to help Repub but doubted there would be any delay in setting up provisional government without Repub. Said his people would of course fear police action incidental thereto.

I saw Hatta off on GOC plane 7 a. m. December 5. He said no new developments since our last conversation. Hope some compromise could be achieved especially since in his *aide-mémoire* he had been willing defer elections and also leave transfer date of sovereignty conditional. He thought Netherlands too insistent on point of authority HRC that would be really most difficult of implementation if attempted, namely that of using force against an Indo area in face unwillingness of interim government of Indo's approving. I asked him keep his people steady and GOC would explore future steps. I had asked Hatta preceding evening give me memo prior departure if possible setting forth exactly what he had said and how conversations broke down. At airport he said he would forward formal report by Tuesday plane Committee of Good Offices since unable prepare anything at late hour and desirous doing it carefully.

I spoke with Roem who asked GOC come Kaliurang and seek negotiations basis USDel plan. Senator Malone and Col. Mayer left for Jogja on same plane intending return in time for interview with Beel 4 p. m. today. I merely greeted Senator.

GOC members saw Sassen, Stikker, Neher and Blom depart by air 9 a. m. today. Parliamentarians and other advisors remaining varying periods principally for discussions with Federalists. Herre-maus made request of Sassen and Stikker for reports soonest that we could incorporate in our telegram to SC before latter's departure for [*from?*] Paris contemplated for December 1 [*sic*] according our information. They agreed endeavor provide this.

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<sup>4</sup> Admiral the Earl Mountbatten of Burma, former Supreme Allied Commander, Southeast Asia, and former Governor General of India.



On night December 4 received Usgoc 212<sup>5</sup> prior GOC group meeting with Stikker. After meeting received Usgoc 211<sup>6</sup> and 213.<sup>7</sup>

In addition to my messages Department has official Netherlands versions as revealed in Usgoc 211 and Usgoc 214,<sup>8</sup> latter received December 5, noon. Message follows setting forth further review of situation and prospects. Signed Cochran.

LIVENGOOD

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<sup>5</sup> Telegram 610, December 3, p. 512.

<sup>6</sup> Telegram 609, December 3, not printed.

<sup>7</sup> Not printed.

<sup>8</sup> Telegram 612, December 3, not printed.

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501.BC Indonesia/12-548 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET      US URGENT

BATAVIA, December 5, 1948—11 p. m.

1068. Gocus 471. Re final paragraph Gocus 470.<sup>2</sup> Hatta told me 4th Republic has taken 40,000 prisoners in putting down recent Communist uprising. Sukarno stated armed resistance practically wiped out. Said Communist spirit may rise, however, if situation goes badly with Republic and if Chinese Communist move advances. Said circulars already being distributed in Republic by agitators, "Comrades, have courage since headway being made by brethren in China." With direct conversations broken down and early setting up of interim government without Republic almost certain, deterioration within Republic seems inevitable. If discouragement too great it is conceivable prisoners might be released and revive movement in which other unhappy forces such as those led by Tan Malaka might join. Already bad economic situation in Republic will further decline. With military and Masjumi groups realizing they have influenced Hatta's present decision, their boldness may increase.

As recent messages reveal, I have indicated informally to Netherlands representatives that I feel my people would be much concerned over another police action. I have given them broad hints our public would react against military pressure on nationalist aspirants in Indonesia and such popular reaction could conceivably affect American financial aid. I have at no time presumed commit Department or agencies of government on this point. Furthermore, I have not encouraged Republic hold out on any position with promise of American support or reward. Even when authorized by Department's 411 of September

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<sup>1</sup> Repeated in telegrams 608, December 6, 6 p.m., to The Hague, and 694, December 7, 5 p. m., to Paris.

<sup>2</sup> *Supra*.

9 to ConGen and USDel jointly, I did not use authority therein to full extent, preferring indirect approach as revealed in Gocus 384.<sup>3</sup> In conversations on USDel plan and in connection with direct talks between Netherlands and Republic officials, I have refrained consistently from arguing merits of proposals from either side. I have said I welcomed any working out of compromises between two parties prior negotiations within GOC, but must preserve position of objectivity as good officer. When Embassy Hague or Department has transmitted Netherlands request for support, I have been left by Department largely to act on my own judgment and have taken position of letting Republic know informally points on which Stikker and others were particularly concerned and on which they sought concessions.

At present period deadlock I felt I should not deviate from foregoing practice. I think it would be improper accept suggestions made by Helb in penultimate paragraph Usgoc 211<sup>4</sup> toward endeavoring influence opinion of political parties in Republic. I agree strongly with opinion of Department officers, expressed in ultimate paragraph, that Dutch themselves are in best position to strengthen Hatta's leadership and should appreciate disastrous consequences of his collapse. Sukarno and Hatta spoke to me strongly of desire that Netherlands permit them have direct contact with Bandungers in belief assembled Indonesian groups can genuinely help in working out peaceful solution for all Indonesia. This morning Prime Minister Eastern Indonesia expressed to me hope Netherlands would now relax and permit contact. He further hoped GOC would request Netherlands permission to act as intermediary between federal states and other two parties as well as between Netherlands and Republic in last effort achieve peaceful over-all settlement. He stated definitely his state would refrain entry interim government without promise no police action against Republic. I cannot judge how far he and Pasundun Prime Minister could maintain such positions acting alone. They would of course be encouraged in such positions if GOC or US sought delay inauguration interim government.

In view undertakings given Department by Netherlands in past that setting up of government for Bandung group would not be concluded without full opportunity for prior consummation of political agreement between Netherlands and Republic, it seems to me we have ground now to protest against prospective action toward this end in immediate future. In my opinion, Hatta has indicated such extensive willingness to yield to Netherlands position through his *aide-mémoire* that we should now counsel Netherlands to endeavor further reach

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<sup>3</sup> Telegram 815, September 20, p. 357.

<sup>4</sup> Telegram 609, December 3, not printed.

compromise within December on two stumbling blocks of military matters and authority of HRC. My feeling at this point is we should make serious effort have Netherlands postpone setting up interim government. I think this position warranted by fact Netherlands representatives came to Batavia with absolutely fixed positions on certain points; have not gone through full-fledged negotiations on these and other points; have pressured Hatta in absence advisors; and have not yet utilized services of GOC officially in trying to achieve settlement.

Three GOC members talked only briefly at airport this morning of prospects. We realize difficulties of getting Netherlands delegation negotiate on USDel plan now in any manner that would assure early success or deter Netherlands Government from pursuing prospective plan of interim government. We shall, however, meet shortly to see what we can suggest. In meantime, Supomo and other Republic advisors in Batavia have promised give me their ideas on possible compromise between Republic and Netherlands.

In light above, I recommend following action:

(1) Representations should be made by Department by end Tuesday, Hague time, before Cabinet acts on report of returning Ministers and further commits itself.

(2) There is now definite breakdown of direct talks. No indication of any present disposition on part of Netherlands to negotiate either within GOC or in any other way. If representations are to succeed they must be strong. I suggest *aide-mémoire* be employed as set forth in Usgoc 212<sup>5</sup> with modifications to bring it to date and to make as forceful as possible in view present crisis. Possible objections to delivery of *aide-mémoire*, spelled out in Usgoc 189,<sup>6</sup> no longer exists. (A) USDel plan submitted November 10 as GOC working paper; (B) there has already been definite clash on substantive issues and there is little reason to think there will be any further negotiations unless present Netherlands attitude is modified; and (C) there is no longer any possibility of prejudicing outcome Stikker-Hatta conversations which are now concluded.

(3) As minimum coelbance [*compliance*] with Department position in *aide-mémoire*, we should expect cooperative attitude on part of Netherlands to be expressed in willingness (a) to postpone inauguration interim government; and (b) to participate actively in bona fide negotiations immediately whether by way of resumption of direct talks or of negotiations within GOC as may be mutually agreeable to parties.

(4) GOC is committed make telegraphic report to SC on results direct conversations. Nature telegraphic report will be in part determined by written statements to be made by parties (Gocus 470). Netherlands statement may reflect action taken by Department on recommendation above. Anticipate strong pressure in GOC from

<sup>5</sup> Telegram 610, December 3, p. 512.

<sup>6</sup> Telegram 558, November 5, p. 457.



Critchley for unequivocal statement that all approaches toward resumption negotiations have now broken down with no prospects whatsoever of success in future. Also expect him press strongly for recommendation that SC consider substantive points dispute prior SC's Xmas recess and possibly also press for submission texts Critchley-Dubois plan and USDel plan to SC. Request Department's guidance this matter soonest as report should be telegraphed from Batavia by December 10 at latest.

Brought British Consul General Batavia to date. He is anxious to help overcome deadlock and hopes his people will be given opportunity cooperate. Signed Cochran.

LIVENGOOD

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S56d.01/12-648 : Telegram

*The Chargé in the Netherlands (Steere) to the Secretary of State*<sup>1</sup>

SECRET

THE HAGUE, December 6, 1948—6 p. m.

826. Boon, Chief Political Department Foreign Office, said following to us today re Indonesia :

1. Foreign Office has little information on last conversation between Dutch Ministers and Hatta. Most ministerial advisers staying Batavia in case Netherlands Government has further propositions to make to Republic. Ministers due Holland tomorrow afternoon and Cabinet will immediately consider whole question. Recent negotiations, although unsatisfactory as they have failed, have nevertheless cleared atmosphere in Dutch Government circles as all Ministers must now believe that every attempt has been made by Netherlands Government to negotiate on sound basis from Dutch point of view.

2. Hatta has the authority and desire to reach agreement with Dutch on basis November 10 memo to Stikker, but he lacks the actual power and "guts" to do so. He took weak position before KNIP and did not force issue. Foreign Office thinks he might well have carried the day if he had shown sufficient strength. Dutch do not criticize him re his honesty but because he failed to face issue in Republican Parliament.

3. Re possible resumption negotiations, there is greater divergence of view with Republic than existed at time of original Stikker-Hatta conversations. Therefore resumption negotiations in GOC would appear futile as there at present exists no apparent possibility of agreement on several fundamental points.

4. It seems likely that interim government will now be set up. Emergency bill fixed date as January 1, 1949—this was done deliberately

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<sup>1</sup> Repeated in telegrams 617, December 7, 8 p. m. (Usgoc 219), to Batavia, and Gadel 700 to Paris.

as that particular date has symbolic significance throughout Indonesia; it was in fact mentioned in Linggadjati agreement. If interim government not set up by that date, Republicans could tell non-Republic Indonesians that Republicans had their own government but that Dutch did not live up to their commitments.

Boon seemed rather pessimistic and wondered whether there was any possible way out of present impasse.

STEERE

501.BC Indonesia/12-648 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*<sup>1</sup>

SECRET US URGENT  
NLA CT

WASHINGTON, December 6, 1948--7 p. m.

615. Usgoc 217. Re your recommendation no. 4 Gocus 471<sup>2</sup> Dept agrees telegraphic report be made SC giving full particulars direct conversations and their results well as facts leading up to conversations and submission texts duBois-Critchley Plan and USDel Plan. In so doing you will be preparing way for Dept's support for USDel plan in any future SC debate. You may inform NethDel of your taking this action with Dept's approval. Dept understands SC will be prepared meet Paris until end of year.

LOVETT

<sup>1</sup> Repeated as 610 to The Hague and Gadel 689 to Paris.

<sup>2</sup> Telegram 1068, December 5, p. 523.

501.BC Indonesia/12-548 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*<sup>1</sup>

SECRET US URGENT

WASHINGTON, December 6, 1948--7 p. m.

616. Usgoc 218. Re Gocus 471,<sup>2</sup> following *aide-mémoire* will be presented Neth FonOff by AmEmb Hague morning Dec 7 local time and simultaneously to Neth Amb here:

"1. US Govt, having been encouraged by resolute efforts statesmanship exerted by Neth Minfonaff to clear way to earliest consideration essential issues dispute between Neth Govt and Govt Repub Indonesia, has been deeply disappointed learn conversations Indonesia between Neth Fonmin and Neth Min Overseas Territories on one hand and

<sup>1</sup> Repeated in telegram 609, December 6, to The Hague, and in Gadel 701, December 8, 11 a. m., to Paris (for Jessup only). In the latter telegram, the Department stated it "desires play down as much as possible present situation Indonesia to avoid prejudicing outcome our representations." (856d.00/12-848).

<sup>2</sup> Telegram 1068, December 5, p. 523.

Prime Min Repub Indonesia on other, have been abruptly terminated mid-course with return Neth Mins to Hague. Decision by Neth Mins to bring these conversations to such hasty close has been particularly surprising and regrettable inasmuch as expectations had been raised that full delegation of Repub would be invited Batavia participate with reprs Bandung group in comprehensive discussion difficulties that appear lie in way final political settlement. This prospect had been regarded by US Govt and its repr with GOC as offering unusual promise fruitful negotiations looking toward such settlement, which, as Neth Govt aware, have been subject unconscionable delays. Hopes entertained by this Govt of successful outcome had derived in no small measure from excellent impression created on everyone concerned by Neth Fonmin whose attitude appeared particularly well calculated allay Repub fears Neth intentions, which otherwise would continue make full cooperation impossible.

2. While aware critical points contention which arose in exploratory talks between Neth Mins and Repub Prime Min, US Govt considers it is precisely such points as these which might well be resolved by full and frank discussions among three parties concerned future Indonesia.

3. US Govt convinced that to postpone any longer resumption bona fide negotiations will be more than ever dangerous. It may point out that ready basis for such negotiations exists in draft agreement submitted informally to parties by US Repr Sep 10 and accorded status working paper GOC Nov 10. Understanding this Govt that draft agreement was, indeed, taken as point departure recent informal talks between reprs parties.

4. Neth is asked take special heed weakening position of Govt Prime Min Hatta, who, while acting with skill and fortitude against Communist revolt, has so far been able offer his supporters neither amelioration Repub's economic plight nor any degree satisfaction its nationalist aspirations. US Govt confident Neth Govt will agree Hatta has in recent interchanges given persuasive evidence his desire cooperate in reasonable solution political differences between Neth and Repub and that fall his Govt could only exacerbate, perhaps disastrously, conditions under which settlement must be reached.

5. This connection, it would appear undeniable that creation fully formed Prov Fed Govt without participation Repub, should such action be taken before all avenues possible agreement with Repub have been definitely exhausted, would not only discredit in eyes of Repub elements moderate and conciliatory policy which Hatta has sought promote, but would in itself be unwarrantable view assurances given by Neth Govt this step would not be taken so long as reasonable hope remained achieving Repub's participation interim govt all Indonesia.

6. US Govt hopes Neth Govt will be able agree earliest possible resumption negotiations, with or without participation GOC in preliminary phases and that it will not jeopardize success such negotiations or render them futile by proceeding with creation Prov Fed Govt of non-Repub territories.

7. US Govt may venture take this occasion reiterate certain its views on character situation confronting parties to Indo dispute.



8. Successive US Reprs on GOC together with other neutral observers whose opinions this Govt has reason respect have reached identical conclusions re this situation. These may be summarized: (1) Welfare Indonesia vitally dependent upon continued availability to Indonesia of experience, judgment and technical and administrative proficiency of Dutch. (2) In long run, influence Neth and economic stake it retains in Indonesia will be proportional to confidence and goodwill accorded Dutch by Indo people. (3) Preponderant desire Indo people govern themselves finds chief expression in Repub Indonesia, which must be considered not as geographical concept but as political force.

9. US draft agreement was conceived with aim outlining pattern reasonable and workable settlement between Govt Neth and Govt Repub Indonesia. As such, it calls for concessions by Repub which would provide basis for continuation Neth indispensable role Indonesia and for concessions by Neth to nationalist movement which must probably be incorporated any agreement Repub Govt could accept without loss essential political support and which Neth may offer without impairment its essential interests. As has been affirmed several occasions by officials US Govt, draft agreement was never meant to be regarded in any sense as fixed or unalterable in specific provisions. US Govt of opinion, however, that negotiations should be resumed on understanding their object is not provide occasion for substitution by either party of wholly different design which other could not accept but to effect such alterations draft agreement as both sides, faced with extreme costliness of failure negotiations, may consider possible acceptance or as GOC may be convinced are reasonable and advantageous, and with assurance both sides mean carry out in cooperative spirit undertakings entered upon.

10. Should final position taken by Neth be one which Repub Govt, even with end its political and physical resources in sight, would consider it could not meet, present truce could scarcely be expected endure. Further weakening Repub Govt could only further impair its ability restrain extremist elements, whose activities have already been source natural concern to Neth."

11 to 15. Same as paras 6 to 10 preceding draft (Usgoc 212 and 216<sup>3</sup>).

"16. Neth Govt will understand that US Govt in presuming upon long and tested friendship in stating frankly expression these views, is seeking only give Neth Govt benefit its perspective so that Neth Govt will embark upon no course action which, while undertaken with most unexceptionable motives, could result weakening newly emerging Western European structure to lasting disadvantage component nations."

LOVETT

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<sup>3</sup> Telegrams 610, December 3, p. 512, and 614. December 4, p. 517.

S56d.01/12-748 : Telegram

*The Chargé in the Netherlands (Steere) to the Secretary of State*<sup>1</sup>

SECRET

US URGENT

THE HAGUE, December 7, 1948—6 p. m.

[Received December 7—3 : 47 p. m.]

827. *Aide-mémoire* contained Deptel 609, December 6,<sup>2</sup> handed Lovink and Boon Foreign Office 3 p. m. with advice that identical text being presented Van Kleffens.

I told Lovink substance *aide-mémoire* was that Department, after being most favorably impressed by recent action Netherlands Government designating Cabinet ministers to undertake solution Indonesian problem on ground, had been surprised and apparently somewhat shocked at abrupt termination of negotiations and return of ministers to Netherlands at time when it appeared of utmost urgency for negotiations be pressed to successful conclusion. Department accordingly desired bring once more to earnest attention Netherlands Government its views re impelling reasons for pursuing course of negotiated agreement either within or without GOC and for not jeopardizing negotiations by refraining from creation federal government based on non-Republican territories.

I added (stating it was entirely my personal view and without authority) if negotiations had to break down because of Republican unreasonableness or intransigence, it was surely in Netherlands interest responsibility for breakdown be clearly established before GOC rather than by unilateral termination followed by mutual recriminations.

Dutch reaction after reading *aide-mémoire* was one of pained and angry surprise. Lovink, controlling himself with some difficulty, said this was very plain speaking and he understood fully what it meant; saying could not comment further upon it, he nonetheless added number other remarks including statement he thought it would not be at all well received by ministers concerned and would not facilitate decisions which would have to be made following return today of ministerial delegation; fully confirmed impressions gained by Stikker from his conversations in Washington; also seemed to him that American Government showed very little appreciation of lengths to which Netherlands Government had gone in sending delegation senior ministers to Indonesia and the efforts which they had made reach agreement. He went on to say delegation had not been ordered home by Hague but

<sup>1</sup> Repeated in telegrams 622, December 8, 8 p. m., Usgoc 221, to Batavia, and Gadel 709 to Paris (for Jessup only); also in 632, December 10, 1 p. m., Usgoc 227, to Batavia.

<sup>2</sup> See *supra* and footnote 1.

came on own initiative and he thought there was no basis for assuming negotiations had been definitely terminated.

Boon inquired whether similar *aide-mémoire* sent to Republic and whether contents also known to Stikker to which I replied Embassy without information. Ref also made his assurance (Embtel 820, December 3<sup>3</sup>) that Dutch Government would not take precipitate action.

STEERE

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<sup>3</sup> Not printed.

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S56d.00/12-743

*The Department of State to the Netherlands Embassy*<sup>1</sup>

AIDE-MÉMOIRE

1. The United States Government, having been encouraged by the resolute efforts of statesmanship exerted by the Netherlands Minister for Foreign Affairs to clear the way to the earliest consideration of the essential issues in the dispute between the Government of the Netherlands and the Government of the Republic of Indonesia, has been deeply disappointed to learn that the conversations in Indonesia between the Netherlands Minister for Foreign Affairs and the Netherlands Minister for Overseas Territories on the one hand and the Prime Minister of the Republic of Indonesia on the other, have been temporarily suspended with the return of the Netherlands Ministers to The Hague. The United States Government views with concern the possibility that these conversations may not be resumed. The return of the Netherlands Ministers to The Hague is viewed by the United States Government as regrettable inasmuch as expectations had been raised that a full delegation of the Republic would be invited to Batavia to participate with representatives of the Bandung group in a comprehensive discussion of the difficulties that appear to lie in the way of a final political settlement. This prospect had been regarded by the United States Government and its Representative with the Committee of Good Offices as offering unusual promise of fruitful negotiations looking toward such a settlement, which, as the Netherlands Government is aware, have been subject to unconscionable delays. The hopes entertained by this Government of a successful outcome had derived in no small measure from the excellent impression created on everyone concerned by the Netherlands Minister for Foreign Affairs, whose attitude appeared particularly well calculated to allay

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<sup>1</sup>Text revised as of December 8 and substituted for original text not here printed. (See telegram 616, December 6, p. 527.) Revision was reported in telegram 614, December 8, 4 p. m., to The Hague, repeated in telegrams 619, Usgoc 220, to Batavia, and Gadel 718, December 9, 6 p. m., to Paris (for Jessup only).



Republican fears of the Netherlands intentions, which otherwise would continue to make full cooperation impossible.

2. While aware of the critical points of contention which arose in the exploratory talks between the Netherlands Ministers and the Republican Prime Minister, the United States Government considers that it is precisely such points as these which might well be resolved by full and frank discussions among the three parties concerned in the future of Indonesia.

3. The United States Government is convinced that a resumption of bona fide negotiations is imperative. It may point out that a ready basis for such negotiations exists in the draft agreement submitted informally to the parties by the United States Representative on September 10 and accorded the status of a working paper of the Committee of Good Offices on November 10. It is the understanding of this Government that the draft agreement was, indeed, taken as a point of departure in the recent informal talks between the representatives of the parties.

4. The Netherlands Government is, of course, [fully] aware of the weakening position of the Government of Prime Minister Mohammed Hatta, who, while acting with skill and fortitude against a Communist revolt, has had to contend with an increasing deterioration of the Republic's economic situation, and, at the same time, the as yet unsatisfied legitimate nationalist aspirations of his people. The United States Government is confident that the Netherlands Government will agree that Dr. Hatta has in recent interchanges given persuasive evidence of his desire to cooperate in a reasonable solution of the political differences between the Netherlands and the Republic and that the fall of his Government could only exacerbate, perhaps disastrously, the conditions under which a settlement must be reached.

5. In this connection, it would appear undeniable that the creation of a fully formed Provisional Federal Government without the participation of the Republic, should such an action be taken before all avenues of possible agreement with the Republic have been definitely exhausted, would discredit in the eyes of the Republican elements the moderate and conciliatory policy which Dr. Hatta has sought to promote.

6. The United States Government hopes that the Netherlands Government will be able to agree to the earliest possible resumption of negotiations, with or without the participation of the Committee of Good Offices in the preliminary phases and that it will not jeopardize the success of such negotiations or render them futile by proceeding with the creation of a Provisional Federal Government of the non-Republican territories.

7. The United States Government may venture to take this occasion to reiterate certain of its views on the character of the situation confronting the parties to the Indonesian dispute.

8. Successive United States Representatives on the Committee of Good Offices together with other neutral observers whose opinions this Government has reason to respect have come to identical conclusions regarding this situation. These may be summarized as follows: (1) The welfare of Indonesia is vitally dependent upon the continued availability to Indonesia of the experience and judgment and of the technical and administrative proficiency of the Dutch. (2) In the long run, the influence of the Netherlands and the economic stake it retains in Indonesia will be proportional to the confidence and good will accorded the Dutch by the Indonesian people. (3) The preponderant desire of the Indonesian people to govern themselves finds its chief expression in the Republic of Indonesia, which must be considered not as a geographical concept but as a political force.

9. The United States draft agreement was conceived with the aim of outlining the pattern of a reasonable and workable settlement between the Government of the Netherlands and the Government of the Republic of Indonesia. As such, it calls for concessions by the Republic which would provide the basis for the continuation of the Netherlands' indispensable role in Indonesia and for concessions by the Netherlands to the nationalist movement which must probably be incorporated in any agreement which the Republican Government could accept without loss of essential political support and which the Netherlands may offer without impairment of its essential interests. As has been affirmed on several occasions by officials of the United States Government, the draft agreement was never meant to be regarded in any sense as fixed or unalterable in its specific provisions. The United States Government is of the opinion, however, that negotiations should be resumed on the understanding that their object is not to provide occasion for the introduction by either party of proposals which the other could not accept but to effect such alterations in the draft agreement as both sides, faced with the extreme costliness of a failure of negotiations, may consider possible of acceptance or as the Committee of Good Offices may be convinced are reasonable and advantageous, and with the assurance that both sides mean to carry out in a cooperative spirit the undertakings entered upon.

10. Should the final position taken by the Netherlands be one which the Republican Government, even with the end of its political and physical resources in sight, would consider that it could not meet, the present truce could scarcely be expected to endure. A further weaken-

ing of the Republican Government could only further impair its ability to restrain extremist elements, whose activities have already been a source of natural concern to the Netherlands.

11. In any general conflict, it is not doubted that Netherlands military forces would be able to capture all Republican centers in Java and all but the most remote in Sumatra in a matter of a few weeks or even days. However, aside from the fact that a resort to military force would come as a profound shock to the American people, it is doubtful that any issue would be settled by such quick successes. A concurrent development would probably be the destruction of a substantial proportion of Netherlands properties in Republican-controlled territory by the retreating Republican forces as a part of a general scorched-earth strategy for which the Republic is said to have made preparations. The Republican potential for guerilla warfare cannot yet be known. But at the same time, it is believed that the revolutionary groups, however split up, would in the long run be able to utilize the weapon of sabotage to decisive effect, that by the destruction of factories, plantations and transportation facilities, by the assassination of estate personnel and intimidation of workers, the revolutionary forces would be able to cancel the profits which might normally accrue from Dutch-owned and foreign-owned properties and transform Indonesia from an economic asset to the Netherlands to an ever more costly liability. Such an outcome could seriously deplete the resources of the Netherlands and tend to nullify the effect of appropriations made to the Netherlands and Indonesia under the Economic Cooperation Administration.

12. The physical assets to the Netherlands in Indonesia, precious as they are to European recovery and stability, would not be the only assets lost. The good will of the Indonesian people would necessarily in the course of the struggle be replaced by bitterness and enmity toward Europeans and the nationalist movement come under the sway of leaders with whom no truce, no common understanding would be possible. The Government of Prime Minister Mohammed Hatta may, in the opinion of the United States Government, offer the last opportunity for a settlement of the Indonesian dispute in which the legitimate interests of both sides could well be preserved and enhanced.

13. Should this opportunity be lost through a rejection by either party of the basic intent of the United States draft agreement without an agreement being reached on any other solution of the dispute, the United States will have no other recourse but to make clear in the Security Council its position that the draft agreement is a fair and practical basis for settlement, fully consonant with the *Renville* principles.



14. Should the United States Government at this or at any subsequent stage conclude that it has made without avail the full contribution of which it is capable to a settlement of the Indonesian dispute through the agency of the Committee of Good Offices, it would perforce consider that its resignation from the Committee would be in order.

15. In that event, the United States Government would regard itself as no longer bound by the restraints heretofore imposed by its membership on the Committee and would consider itself free to take such measures as the changed circumstances might require.

16. The Netherlands Government will understand that the United States Government, in presuming upon a long and tested friendship in stating frankly an expression of these views, is seeking only to give the Netherlands Government the benefit of its perspective so that the Netherlands Government will embark upon no course of action which, while undertaken with the most unexceptionable motives, could result in weakening the newly emerging Western European structure to the lasting disadvantage of the component nations.

WASHINGTON, December 7, 1948.

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501.BC Indonesia/12-748

*The Netherlands Ambassador (Van Kleffens) to the Acting Secretary of State*

WASHINGTON, December 7, 1948.

MY DEAR MR. SECRETARY: The Hague has sent me copies of a number of documents emanating from the T.N.I. and other organs of the Indonesian Republic which have fallen into the hands of the Netherlands authorities. This documentation has been collected by the Netherlands authorities to be used, should this appear useful, as documentary evidence (which will be annexed to a comprehensive and detailed survey which is now in process of being made) with regard to the attitude adopted by the T.N.I. and other official agencies of the Indonesian Republic as to the implementation of the truce-agreement, concluded between the Netherlands and the Indonesian Republic under the auspices of the Committee of Good Offices in January 1948. These documents, which already have been classified as Annex I, II and III of the as yet unfinished general report, are an anthology of all the documents which came in the possession of the Netherlands authorities since the signing of the truce.

In view of the importance of the contents of the documents, which give a somewhat disconcerting picture of the manner in which the T.N.I. and the Republican High Command since January 1948 on-

wards, have tried to frustrate the purpose of the truce, I feel justified in sending you for your own use and for the information of the officials concerned in the Department of State (but not for purposes of wider use) four copies of these Annexes,<sup>1</sup> without waiting for the time that the general report itself will be ready for presentation.

As you will see from the documents concerned, the main reasons for the deterioration of the general situation in Indonesia during 1948 can be summed up as follows :

a) contrary to the truce-agreement many Republican fighting units were deliberately left behind in the Netherlands-controlled areas, when the evacuation of the T.N.I. took place. Contrary to the self-praise with which the Republic repeatedly has spoken of its "success" in evacuating the T.N.I. troops, it is now clear that the T.N.I. High Command in fact did not honestly try to carry out its obligations ;

b) contrary to the truce-agreement arms and munition were left behind by the departing Republican troops and caches of these weapons were established in Netherlands-controlled territories for later use ;

c) contrary to the truce-agreement, following carefully laid plans by the High Command of the T.N.I., evacuated Republican troops gradually began to return to Netherlands-controlled areas to collect their hidden arms and to form and organize bands and groups of soldiers for the purpose of terrorizing the population and of creating unrest and disorder. These acts of terror and sabotage were mainly directed against the native population and *not* against Netherlands troops or the Netherlands. As can be seen from Annex I sub 9<sup>2</sup> the Republican Minister of Defense gave orders that from June 1, 1948 infiltrations of 500 men per unit should take place until at least 10,000 men of the fighting forces would be in Netherlands-occupied territories. I believe that no impartial observer can deny, after a perusal of these documents, that either the Republican Government or the Republican Ministry of Defense working together with the High Command of the T.N.I., from the moment of the signing of the truce, have deliberately tried to frustrate the truce and to do everything possible in order to create disturbances and unrest in Netherlands-controlled territory which activities could then be qualified by the Republic as "spontaneous resistance of the native population against the Dutch". Slogans like these are very useful for propaganda-purposes and are—superficial and misleading as they may be—as you know, always eagerly accepted and exploited by certain newspapers and crusaders against "colonialism".

It is evident that the activities have not contributed to a favorable atmosphere for the political negotiations initiated since the *Renville*-agreement, and that the Netherlands Government in their long and protracted discussions with the Indonesian Republic always had to

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<sup>1</sup> For texts, see SC, 3rd yr., Suppl. (Dec.), pp. 257 ff.

<sup>2</sup> *Ibid.*, p. 267.

take the risk that any promise made by the Republic would be undone by actions of the T.N.I. Moreover, it is obvious that any political agreement with the Republic *must* include a solution for the disbandment of the T.N.I. and its partial absorption into the armed forces of the Federal Interim Government. In the light of past experiences, the Federal Interim Government obviously should not be left in a position in which it would be helpless to face the ever-present menace of the armed forces of the Republic which, either under instruction of the Republic itself or on its own initiative, would undoubtedly continue activities striking at the roots of this Government and the federalistic principle upon which the United States of Indonesia, according to the *Renville*-agreement, has to be created. It is equally obvious that during the interim period—in which, according to the *Renville*-agreement, Netherlands sovereignty will continue over Indonesia—the High Representative of the Crown should be in command of the integrated federal forces so as to take action in cases of disturbance of public order against which the federal authorities or the individual states fail to take appropriate measures.

I believe there is no need for me to enlarge upon this problem here at this moment, but I am convinced that the Netherlands Government was justified in its desire to seek in the direct conversations with Premier Hatta a definite and final solution for the problem of the re-organization of the T.N.I. and its future position within the armed forces of the Federal Interim Government. I believe that this really remains one of—if not the most crucial problem to be solved. If we accept the continued presence and menace of “warlords” in Indonesia, no political system or organization and no cooperation with political leaders can prevail in the end, but only chaos and internal strife as is now so clearly demonstrated by recent events in China and Burma. Independence cannot be upheld without its counterpart: a responsible government in which the military act as instrument of the government and not as its master. If this lesson is not learned now, I am afraid that much loss of life and gradual disintegration is in store for Indonesia, a situation which, I am sure, both your Government and mine will wish to prevent. An agreement without satisfactory guarantees for these problems would *not* constitute the acceptance of a calculated risk, on the contrary, it would mean a leap into the dark or a gamble with the future welfare of Indonesia at stake.

If the T.N.I. would be allowed to continue its present activities, no future Indonesian Government could be sure of a peaceful existence but always would be at the mercy of these adventurers who care little about creating a responsible Indonesian Government and less about



the principles of democracy as conceived and agreed upon by both parties in the *Renville*-agreement.<sup>3</sup>

Please believe [etc.]

E. N. VAN KLEFFENS

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<sup>3</sup> Mr. Lovett acknowledged the Netherlands Ambassador's communication on December 10 and asked that the material be made available to Mr. Cochran at Batavia (501.BC Indonesia/12-1048).

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501.BC Indonesia/12-848 : Telegram

*The Acting United States Representative at the United Nations  
(Dulles) to the Secretary of State*<sup>1</sup>

SECRET

PARIS, December 8, 1948—2 p. m.

Delga 1110. Palar and Maramis, Repub Minister of Finance, called to urge time has come for security meeting on Indonesia. Emphasizing his responsibility to prevent military action if possible, Palar pressed for meeting immediately before Dutch Cabinet takes final decision.

He suggests he send letter to Security Council President reciting breakdown negotiations asking meeting on fourth interim report. He would then seek Security Council resolution calling upon parties to avoid military action and giving broader powers to GOC to undertake conciliation as opposed to mediation with Security Council recommendation that parties accept result in advance.

We agreed situation serious; heard him fully. Without mentioning Gadel 689 of December 6<sup>2</sup> we stated Dept's views not yet received and suggested he delay a day in asking for Security Council meeting, so that we might receive instructions.

Request general line for reply to Palar, and as to possible Security Council action. In light of developments, request we be kept fully informed on communications with Batavia.<sup>3</sup>

DULLES

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<sup>1</sup> Repeated in telegram 630, December 9, 7 p. m., Usgoc 226, to Batavia. John Foster Dulles was a member of the U.S. Delegation to the United Nations General Assembly.

<sup>2</sup> Not printed.

<sup>3</sup> In telegram Gadel 717, December 9, 6 p. m., to Paris, the Department suggested putting off discussion in the Security Council until the GOC report could be received and studied. (501.BC Indonesia/12-848) This was agreed to by the Indonesian representative. (501.BC Indonesia/12-1048)

856d.00/12-848 : Telegram

*The Chargé in the Netherlands (Steere) to the Secretary of State*<sup>1</sup>

SECRET US URGENT

THE HAGUE, December 8, 1948—7 p. m.

834. We are seriously concerned regarding possible repercussions in Holland to *aide-mémoire* (Embtel 827, December 7).

Netherlands Government was divided within itself on advisability continuing negotiations when Stikker returned from his one-man effort break deadlock. Eventual despatch high-powered delegation including one other Cabinet Minister and accompanied by 5 parliamentarians was hard-won victory for Stikker. Unquestionably government believed it was entering into bona fide negotiations. Progress was made until Hatta weakened and drew away from his earlier position. Then in his last conversation with Netherlands Delegation (Gocus 470<sup>2</sup>) Hatta even suggested abrogation Crown's sovereignty by gentleman's agreement and turned down proposed unified command Netherlands and federal forces, the two fundamental principles from which Netherlands Government say they cannot and will not retreat. Cochran (Gocus 469<sup>3</sup>) had previously told Soekarno he could not oppose Netherlands position now authority of Crown and command of forces as his own plan was "in comparable sense." We do not think there are any good grounds on which to request Netherlands Government recede on these two points; sovereignty of Netherlands Government during interim period was specifically agreed in *Renville* Agreement, and unified command is essential to avoid retention of "private" Republican army with possibility chaotic conditions developing similar those in Burma today. Rigid though Netherlands Delegation's instructions may have been, agreement with Hatta reached on number points, but Hatta was not supported by working committee Republican Parliament and therefore unable deliver the goods.

Emergency bill Indonesia passed late October was enabling act providing for creation interim government before January 1, 1949. Netherlands Government obviously all along has intended take this step, particularly if negotiations unsuccessful, though leaving door open for eventual Republican participation. If government decides accede to Department's wishes regarding interim government, Prime Minister will not have easy time explaining to States General post-

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<sup>1</sup> Repeated in telegram 639, December 11, 11 a. m., Usgoc 233, to Batavia, with request for comments.

<sup>2</sup> Telegram 1057, December 5, p. 520.

<sup>3</sup> Telegram 1056, December 4, p. 517.

ponement of date set by law. Already there has been criticism in Parliament and press of US pressure on government regarding Indonesia. (Foreign Office officials have also frequently suggested to us that some pressure might be used profitably at Jogja.) We foresee possibility storm in States General and fear more serious accusations regarding US interference and pressure on Netherlands Government. The government might fall due to Parliamentary and public outcry.

Again it might fall because of internal dissensions as it is strange collection of bedfellows composed as it is of elements from all social structures and of all religious and political concepts, except communism.

The difficulty of getting Cabinet decisions from such heterogeneous group is obvious.

We view with concern contingency of country being without government for considerable time, as happened for six weeks last summer.

In our opinion situation in Indonesia could get out of hand, and Hague authorities and NEI government have great trouble in controlling more extreme elements among Netherlands officials in Indonesia. Furthermore, although permanent officials in Hague could make decisions on important matters involving ECA, Western Union, North Atlantic Pact, etc., such decisions would not have authority of government behind them nor would they be fully binding on new government.

It is also possible that our representations may solidify cabinet and spur it to taking step it considers necessary—namely, early inauguration of interim government—thereby facing consequences which were presented clearly in US *aide-mémoire*.

On the other hand, we cannot see the Cabinet, particularly in the political and economic circumstances in which Holland finds itself at present time, bluntly rejecting the Department's *desiderata*.

We have not seen any definite statement that negotiations have been broken off, and perhaps government will announce their continuation. It may, in fact, endeavor to work out formula whereby interim government could be set upon very broad basis and subject to change in structure, always leaving place for Republic in government, and continue negotiations at the same time. It may even agree or propose that negotiations henceforth take place under GOC auspices.

We feel strongly, however, that some helpful step is needed ease situation for Netherlands Government. Heretofore advice has been proffered by US to Netherlands Government regarding concessions, but Cochran, entirely correctly as member GOC, has seemingly not put strong pressure on Hatta and Republican officials (Goc 471<sup>4</sup>).

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<sup>4</sup> Telegram 1068, December 5, p. 523.



We suggest that Livengood might be injected into the picture and, acting as Department official, point out to Republicans the necessity of observance and implementation *Renville* Agreement, particularly regarding sovereignty in interim period, which Dutch insist, and we believe, is cardinal principle from which they cannot withdraw. With some such concession Netherlands Cabinet might be willing resume negotiations at once.

STEERE

501.BC Indonesia/12-948: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State* <sup>1</sup>

SECRET US URGENT

BATAVIA, December 9, 1948—5 p. m.

1076. [Gocus 476.] Under letter December 7 Roem transmitted "report to GOC on informal conversations held between Vice President Republic Indonesia and Ministers of Netherlands Government" text whereof follows: [Here follows text printed in SC, *3rd yr., Suppl.* (Dec.), pages 126 ff.]

Annex I is *aide-mémoire* November 10 quoted Gocus 441 <sup>2</sup> Annex II is memo from Schuurman, Thomson and Gieben quoted Gocus 463.<sup>3</sup> Annex III is Republican reply 29th quoted same cable. Annex IV is text joint communiqué quoted same cable. Annex V is letter November 30 to Hatta from Sassen as follows: [Here follows text printed *ibid.*, page 141.]

Annex IV [VI] is letter dated December 3 from Hatta to Sassen quoted Gocus 468 <sup>4</sup> with few minor differences due principally to fact original message was hasty translation.

GOC is airmailing to SC Paris December 10 copy Roem's report and annexes. Also sending copy letter December 8 to GOC from Leimena <sup>5</sup> reporting "discussions pertaining to truce agreement" between Hatta and Netherlands Ministers which amplifies and supplements material on this subject contained in foregoing report. SC informed these documents to be consolidated with telegraphic report to follow. Signed Cochran.

LIVENGOOD

<sup>1</sup> Repeated in telegrams Gadel 736, December 10, 8 p. m., to Paris, and 622, December 13, 8 p. m., to The Hague.

<sup>2</sup> Telegram 998, November 10, p. 479.

<sup>3</sup> Telegram 1043, December 1, p. 504.

<sup>4</sup> Telegram 1055, December 4, p. 514.

<sup>5</sup> Text printed in SC, *3rd yr., Suppl.* (Dec.), p. 143.

856d.00/12-948 : Telegram

*The Acting Secretary of State to the Embassy in Belgium*

SECRET

WASHINGTON, December 9, 1948—6 p. m.

1622. You are presumably familiar through info tels with general course negotiations Dutch-Indo dispute between Stikker, Neth Fonmin, and Hatta, Indo Repub Prime Min. [Here follow quotations from Mr. Cochran's recommendations in telegram 1068, December 5, from Batavia, page 523, and from the Department's *aide-mémoire* of December 7, page 531.]

In view influential position Spaak in Western European system and in view membership Belgian Govt on GOC, suggest your discretion you call on Spaak, express US Govt's concern that voluntary peaceful settlement be reached Indonesia and its regret that Stikker-Hatta conversations were discontinued, and show but not leave text foregoing *aide-mémoire*. Explain to Spaak that this is shown to him on a personal and confidential basis so that he fully understands US position in this difficult but important matter, the solution of which so vital to Netherlands, Benelux and Western European system.

LOVETT

856e.00/12-1048 : Telegram

*The Chargé in the Netherlands (Steere) to the Secretary of State*<sup>1</sup>

SECRET

PRIORITY

THE HAGUE, December 10, 1948—1 a. m.

NIACT

839. Stikker opened hour's conversation tonight by expressing great satisfaction at Department's withdrawal original text *aide-mémoire* and saying, for himself, all was forgotten.

I told him I wanted, in view of crucial point reached Indonesia, to report fully and authoritatively on latest developments Hague and attitude and intentions Netherlands Government. He voiced belief in complete frankness, reviewed recent discussions Indonesia at length, and said Cabinet had decided to proceed immediately with measures to set up interim federal government based non-Republic territory, with provision for participation Republic at any time.

Decision reached largely as result of Hatta's withdrawal from position taken during Stikker's first visit, and Hatta statements at end of Netherlands delegate visit that Republic must have gentleman's agree-

<sup>1</sup> Repeated in telegrams 633, December 10, 6 p. m., Usgoc 229, to Batavia, and Gadel 735, to Paris (for Jessup only).

ment that Netherlands authorities would not report [*resort?*] police action in any event after establishment interim government. This demand, said Stikker, represented complete departure from *Renville* principles and from Republic acceptance of Cochran proposals, and implied concessions by Netherlands Government incompatible with sovereignty. Such concessions Netherlands could not make, and government was unable to delay any longer steps to establish interim federal government to which Netherlands Government was committed and to which it would in due course transfer all governmental powers.

Netherlands reply to Department's revised *aide-mémoire* being cabled Netherlands Embassy Washington tonight, and Good Offices Committee (GOC) also being cabled tonight that Netherlands Government forced to conclusion that further negotiations with Republic, either directly or before GOC, have no possibility of reaching agreement acceptable to Netherlands. Stikker said there was only one possibility for resumption negotiations, namely, Republic recession from demands incompatible with *Renville* agreements, and "within a very few days". He intimated that Saturday (December 11) was approximately deadline if Netherlands measures were to be held up.

Stikker voiced his great personal regret at failure to achieve agreement he had thought possible, saying that he and Dutch delegates had done their utmost but had to conclude that no acceptable agreement was attainable. Both Cochran and Critchley had expressed view to him during discussions that nothing could be gained by resort to GOC, and this, Stikker said, was more than ever the case after Hatta's final demand.

Stikker mentioned, without particular emphasis, the mounting number of incidents (record figure 307 for latest week) as evidence of accelerating deterioration, and referred to confidential GOC report dated November 29 (which he had seen) directly placing responsibility for organized incidents in one district upon Republic officials. He also stated that Dutch authorities have conclusive evidence (intercepts) involving authorities in GOC in highly improper relations with Republic, including preparation documents in conflict with Netherlands.

Stikker, whose attitude throughout was one of calm straightforwardness, concluded by saying that the Dutch are a stubborn people who once they start a course of action, will persist to the end, even if it involved their isolation.

STEERE



856d.01/12-1048 : Telegram

*The Chargé in the Netherlands (Steere) to the Secretary of State*<sup>1</sup>

SECRET US URGENT

THE HAGUE, December 10, 1948—2 p. m.

840. We hope that now that Netherlands Govt has taken decision on Indonesia (Embtel 839, December 10) Dept will very carefully weigh all considerations affecting US-Netherlands relations in any statements it makes re new development.

The impact of first version our *aide-mémoire* was strong but second version took out sting, and we are now hopeful that, provided there are no leaks here i.e. *aide-mémoire*, no serious harm has been done to our relations with Holland. However, the situation could very easily deteriorate and, if greatest caution is not used, very serious damage be done to traditionally friendly US-Netherlands relations.

STEERE

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<sup>1</sup> Repeated in telegram 644, December 11, 6 p. m., Usgoc 235, to Batavia.

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856d.00/12-1048

*The Netherlands Embassy to the Department of State*<sup>1</sup>

On December 9th, 1948, an *aide-mémoire*<sup>2</sup> was left with the Secretary-General of the Department of Foreign Affairs, in which the United States Government expressed certain views concerning the situation in Indonesia which were based on available information from Batavia. In this *aide-mémoire* which the Netherlands Government has attentively studied the United States Government states that it is presuming upon long and tested friendship by giving an expression of certain views with the intention that the Netherlands Government should take these views into account when reaching a decision concerning the policy to be followed in Indonesia. The Netherlands Government is deeply convinced that the ultimate aims of the policy which the Netherlands Government has so far followed with regard to Indonesia and the objectives which the United States Government has in mind are the same. The contents of the *aide-mémoire* of December 9th, however, show unmistakably that a considerable difference of opinion exists concerning recent developments and the possibilities to arrive at a settlement of the dispute satisfactory to both parties. The Netherlands Government, while appreciating the efforts made by the United States

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<sup>1</sup> Left at the Department on December 10 and transmitted in telegrams 635, December 10, 6 p. m., Usgoc 230, to Batavia, and Gadel 739, December 11, 1 p. m., to Paris (for Jessup only). In telegram 637, December 10, 8 p. m., Usgoc 232, to Batavia, the Department asked for comments by Mr. Cochran and authorized him to take any beneficial action he considered feasible in regard to paragraph 8(a) of the Netherlands communication.

<sup>2</sup> See text dated December 7, p. 531.

Government to assist in a peaceful settlement of the Indonesian dispute through the Committee of Good Offices, can understand that if no results were obtained the United States Government would consider resignation from this Committee to which it was elected by the members selected directly by the parties to the dispute. The suggestion that in these circumstances the United States Government would consider itself free to take certain unspecified measures, might indicate that the possibility is envisaged of taking measures which could be harmful to Netherlands and Indonesian interests. The Netherlands Government is confident that an open and frank explanation of the difficulties of the present situation will lead the United States Government to the conclusion that the Netherlands Government has tried scrupulously to carry out the commitments which it had undertaken and that even if in certain instances divergences of opinion have come to light, no sufficient reasons exist to envisage measures which might cast a shadow on the friendship which has always linked the Netherlands and the United States. If by unjustified outside intervention the future development of the Indonesian dispute would lead to the weakening of the emerging West-European structure and would have severe repercussions on Western influence in the Far East, the Netherlands Government must disclaim responsibility.

2. The Netherlands Government is convinced that the conclusion and views contained in the United States *aide-mémoire* are based on an insufficient understanding of the circumstances which have led to the present situation. The Netherlands Government hopes that the following analysis based on the actual facts will contribute to a better understanding of the position.

3. On behalf of the Netherlands Government the Committee of Good Offices was informed by letter of October 28th, 1948, that the Netherlands Government was willing to resume negotiations on the basis of the proposals of Mr. Cochran and the Netherlands amendments thereto, provided that the violations of the truce would constitute the first item on the agenda, because the Netherlands Government deemed that negotiations could not successfully be concluded before the effect of Republican measures to stop infringements of the truce had become evident. The Republican delegation agreed by letter of November 3rd to resume negotiations on the understanding that the implementation of the truce and the political issues would be discussed concurrently. In the course of the informal discussion between parties which have taken place since, it has become clear that effective cooperation on the part of the Republic to combat the infringements of the truce cannot be expected, because the Republican Government is

powerless to exercise effective control over its armed forces, which according to Dr. Hatta's own statement still number about 300,000. The discussions between the special Netherlands delegation and the Republican Premier have nevertheless not been limited to the question of the violations of the truce, but they have covered the whole range of pending political issues. During these latter discussions a fundamental and basic difference of opinion has come to light. In the first series of informal discussions between the Netherlands Minister of Foreign Affairs and the Premier of the Republic, Dr. Hatta declared that as a consequence of Netherlands sovereignty which he explicitly confirmed, the Netherlands Government retained joint responsibility for governing Indonesia during the interim period. Consequently the High Representative of the Crown would have certain powers in case of emergency, the right of veto etc.

On the basis of the expectations, created by Dr. Hatta's declarations, that a settlement might be achieved, the Netherlands Government sent a Cabinet Delegation to Indonesia. During the discussions of this delegation it became clear that the Republic had gone back on the views previously expressed by her Prime Minister. The Republic intimated that the recognition of Netherlands sovereignty during the interim period should only have a purely formal character and that a gentleman's agreement should confirm that the Netherlands would never make use of the powers emanating from its sovereignty. It would follow that the authority of the High Representative of the Crown, and especially his authority with regard to the supreme command over the armed forces, would be recognized in name only, and that the Netherlands representative would not be able to exercise these powers without the previous assent of the interim government. The Netherlands armed forces would also have to evacuate gradually the territories occupied by them at present, while the Republican army would provisionally remain completely intact and the settling of its position postponed until a later date. In practice this would mean that the present intolerable situation of two opposing armies under separate command would be continued, and that it would be a practical impossibility for the Netherlands to have responsibility for the Government in the interim period. This Republican point of view is also irreconcilable with the sovereignty of the Netherlands as formulated in the first additional *Renville* principle accepted by the Republic.

4. This refusal to recognise the sovereignty of the Netherlands during the interim period, moreover, nullifies the acceptance by the Republic as a basis for negotiations of the draft-agreement submitted by the United States representative and accorded the status of a working paper on November 10th, because this draft-agreement was



based on the *Renville* principles of which the recognition of the Netherlands sovereignty during the interim period is an essential element.

In the light of Dr. Hatta's statements the following assumptions in the United States *aide-mémoire* must be considered unjustified :

A. The assumption that by frank discussions the critical points mentioned sub 2 in the United States *aide-mémoire* might be solved.

B. The assumption that there still exist avenues of possible agreement with the Republican Government, particularly with regard to obtaining Republican participation in the federal interim government as mentioned in par. 5 of the United States *aide-mémoire*.

C. The assumption that the Republican Government is willing to enter into and abide by an agreement in accordance with the *Renville* principles as mentioned in par. 13 of the United States *aide-mémoire*.

5. The Netherlands delegation was informed by Dr. Hatta that he was not able to act against the wishes of extreme political parties and to restrain army influence. When Dr. Hatta is therefore denying practical application of certain sovereign rights during the interim period, he is following a policy which is dictated to him by irresponsible and extremist elements. The making of further concessions to reconcile basic differences of view between the Netherlands delegation and certain Republican groups (not Dr. Hatta himself) would not strengthen the position of Dr. Hatta as a moderate force in the Republican Government, but would inevitably lead to increased demands by irresponsible extremists leaders and army groups. It would in effect be a surrender to the demands of those in the Republic who have opposed the signing of the Linggadjati and *Renville* agreements and who have consistently and openly proclaimed their refusal to co-operate in the implementation of these agreements.

6. The Netherlands Government has during the past two years made every effort to carry out its pledge to establish a United States of Indonesia before January 1, 1949. The refusal of the successive Republican Governments to cooperate forced the Netherlands Government to continue the coordination of the areas outside the Republic. The non-republican federal areas cannot be expected to acquiesce indefinitely in the postponement of the establishment of a sovereign federation, which has been promised to them as well as to the Republic. The Netherlands Government has undertaken to enact the law for the federal interim government before the first of January 1949. On this formal undertaking which was ratified by the parliament of the Netherlands, the Government cannot go back because of the unwillingness of the Republic to participate in such a government on any reasonable basis. However, the Netherlands Government will insert an article in this law by which appropriate amendments can be made immediately

if as a result of further consultation with the representatives of all peoples of Indonesia such amendments should prove to be desirable. Therefore the Republic can still participate in the federal interim government after its creation. The Republican Government and the Committee of Good Offices have been informed concerning this possibility of accession.

7. The disintegration of organised government and the deterioration of economic conditions in the whole of Indonesia is proceeding at an increasing rate. Complete information on these conditions, which can be made available by the Netherlands Government proves beyond doubt that the disorganisation in the Netherlands controlled area is the work of armed terrorists, acting under orders emanating from organisations in Republican territories.

8. To prevent a disastrous development in the immediate future the Netherlands Government is faced with two alternatives.

A. The Republican Government either spontaneously or subsequent to suggestions from other quarters should approach the Netherlands Government and confirm its willingness to recognise Netherlands sovereignty during the interim period in principle and in practice. In any case the unified command of all armed forces under the High Representative of the Crown should be assured. In order to prevent that the T.N.I. in practice would become the federal army and would dominate the whole future federation it is equally essential to exclude expressly the possibility that the T.N.I. as such will become incorporated in the newly created federal army.

B. Unless assurances to this effect are received forthwith the Netherlands Government will be obliged to make a final decision concerning the manner in which it can best implement the formal pledges to the peoples of the Netherlands and of Indonesia. In case this second alternative will have to be followed the Netherlands Government is fully aware of the hardships and sufferings which may be their peoples share, but it trusts that the foregoing has convinced the United States Government that no other course would be compatible with its responsibilities and obligations.

WASHINGTON, December 10, 1948.

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501.BC Indonesia/12-1148 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET      US URGENT  
 NIACT

BATAVIA, December 11, 1948—3 p. m.

1082. Gocus 479. Following text Netherlands Delegation letter 3824 dated December 11 from Schuurman to GOC handed by Schuur-

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<sup>1</sup> Repeated in telegram 622, December 13, 8 p. m., to The Hague.

man to Cochran noon December 11: [Here follows text printed in SC, 3rd yr., Suppl. (Dec.), page 150.]

GOC drafting its telegraphic report to SC with which foregoing will be included.<sup>2</sup> Will report exact hour sent which will be not later than December 13. Signed Cochran.

LIVENGOOD

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<sup>2</sup> The report was transmitted in telegram 1083, December 12, from Batavia (Gocus 480) ; for text, see SC, 3rd yr., Suppl. (Dec.), p. 122.

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501.BC Indonesia/12-1248 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET      URGENT  
NIACT

BATAVIA, December 12, 1948—4 p. m.

1084. Gocus 481. Gocus 480<sup>2</sup> provides copy GOC special report on direct conversations telegraphed December 12 to SC Paris.

From Netherlands' report (Gocus 479<sup>3</sup>) Department will have seen that Netherlands Government has discredited Department's *aide-mémoire*, left no alternative to immediate debate Indonesian question in SC, and closed door to GOC reviving conversations or negotiations on political settlement.

If Department alone or SC cannot oblige Netherlands Government resume bona fide negotiations and refrain from setting up interim government without Republic, GOC cannot be expected contribute effectively to safeguarding truce already overstrained through delay in negotiation of political settlement.

Netherlands revealed in attitude toward Critchley-Dubois plan reluctance consider reasonable basis for negotiation. In The Hague en-route Indonesia I received no encouragement whatever for GOC success. I succeeded in getting USDel plan into GOC as working paper only after three months delaying tactics by Netherlands. Their efforts to find excuses for upsetting talks once commenced have been crudely obvious. Their direct conversations were hasty and decidedly unfair to Republic. In spite Netherlands' determination long apparent to impose unilateral decision on Republic, I proceeded utilize and exhaust every device I knew toward getting and keeping parties together for peaceful settlement before [apparent omission] taking advantage Department's offer to venture representations at The Hague. Believe time and conditions selected could not have been more propitious. Still

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<sup>1</sup> Repeated in telegrams 621, December 13, 6 p. m., to The Hague, and Gadel 741, December 13, 7 p. m., to Paris (for Jessup).

<sup>2</sup> Telegram 1083, December 12 ; see footnote 2, *supra*.

<sup>3</sup> Telegram 1082, December 11, p. 548.



Netherlands note of December 11 to GOC as well as Stikker's remarks to Ambassador The Hague (Usgoc 229 <sup>4</sup>) reveal Netherlands' obstinacy which GOC alone cannot break.

I possibly understand problems of Department which make impracticable it follow my idea that only effective way to stop Netherlands is to cut off American funds. Likewise cognizant of reasons for amending original *aide-mémoire* and voting with Netherlands at Lapstone.<sup>5</sup> In view these circumstances and in face Netherlands' note of December 11 to GOC, I recommend that Department follow promptly line suggested in paragraphs 13, 14 and 15 its revised *aide-mémoire*. While reconciled personally to continuing endeavor carry out best of my ability whatever policy Department decides, frankly feel position of GOC will be weak to point of uselessness if US and SC intervention not effective. Signed Cochran.

LIVENGOOD

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<sup>4</sup> Telegram 633, December 10; see footnote 1, p. 642.

<sup>5</sup> The United States alone upheld the Netherlands position that Indonesia should not be admitted as an associate member to ECAFE.

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856d.00/12-1348

*Memorandum Prepared for the Acting Secretary of State*<sup>1</sup>

SECRET

[WASHINGTON,] December 13, 1948.

As you are aware, the Netherlands Government has rejected the essential desiderata of the US *Aide-Mémoire*. The Netherlands Government has issued a communiqué to the press which confirms its position regarding its intention to move ahead in the formation of an interim government without prior agreement with the Republic. The Republic has stated that this move would render its participation in the interim government impossible. The final paragraph of the Dutch reply to our *Aide-Mémoire* strongly foreshadows the possibility of an outbreak of hostilities in Indonesia. It is expected that the case will be brought by the Republican Government to the attention of the Security Council in a matter of a few days. Cochran has stated that he feels that in view of the Dutch intention to proceed unilaterally, the GOC will become ineffective and the truce will not hold up.

In the circumstances, we recommend a course of action based on the assumption that the position of the Netherlands can be reversed if the US, both unilaterally and in conjunction with the Security Council, reaffirms and maintains a firm position.

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<sup>1</sup> Submitted by the Directors of the Offices for European Affairs (Hickerson), Far Eastern Affairs (Butterworth), and United Nations Affairs (Sanders).

In order to put this assumption to the test, it will be necessary to begin promptly to invoke those sanctions implied in the US *Aide-Mémoire*. These include: (a) A US stand in the Security Council squarely upon the record, including the compromise proposals submitted by the US Delegation and the *Aide-Mémoire* to the Netherlands Government in support of the Cochran Plan, as well as the repeated efforts by Cochran vis-à-vis the Republic; (b) Possible withdrawal from the GOC; (c) Immediate cessation of financial aid to Indonesia (chiefly approximately \$30 million of ECA funds allotted for programming purposes but not yet committed for the first quarter of 1949), which action should be accompanied by a statement to the Netherlands Government that the US considers it unwise to invest further US funds in an area in which the economic and political future seems so uncertain; (d) A statement to the Dutch that, under the "freedom of action" clause of the US *Aide-Mémoire*, we are considering the possibility of *de facto* recognition of the Republic, in order that US trade with that area can move ahead.

The above recommendation is based upon the following considerations. If the Dutch persist in their announced course of action it is likely that this government will be forced by public opinion to take measures against the Dutch which would amount to sanctions at a time when such action would be only punitive in character and could not lead to a solution of the Indonesian question which would serve US interests. In the event of military action, it is altogether possible that US public opinion will react so strongly against the Dutch as to jeopardize seriously Holland's participation in any military assistance program which this Government might be in a position to offer governments of Western Europe. Furthermore, we are likely to be drawn immediately into the affair via US commercial interests, who as you know are eager to do business with the Republic and have up to now been restrained with difficulty. If US vessels attempt to carry on trade with the Republic in the face of existing Dutch trade regulations, we are very likely to have another *Martin Behrman* case on our hands and be forced to take a strong position against the Dutch. Finally, we feel that a solution in Indonesia brought about by force of arms or by threat of force will not be a stable solution, and will tend to give impetus to the communist agitation throughout the archipelago.

We believe that a firm line as indicated above will eventually bring about a change in the attitude of the Netherlands Government on this question. It is not unlikely, in view of its recent public commitments, that the present Dutch Cabinet will be forced to resign as a consequence of our taking such a position. If this comes about, we think it likely that the present Cabinet will, after an indefinite period, be suc-

ceeded by a government formed with a view to reaching an agreement with the Indonesian Republic and thus accommodating the US position. In view of the position already taken by this Government in this matter, and in the interests of our long-range relations both with the Netherlands and with Indonesia, we feel strongly that we should accept the risk indicated above and follow through in our effort to bring about a negotiated settlement in Indonesia.

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501.BC Indonesia/12-1348 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*<sup>1</sup>

SECRET

WASHINGTON, December 13, 1948—8 p. m.

647. Usgoc 237. On Dec 10 ECA advised reps OEEC countries here of allotments of funds for programming purposes for certain shipments in 1949. Included in allotment was 74 million dollars to Netherlands, of which part for possible use in Indonesia. Following meeting with all country reps, ECA emphasized to Dutch rep that allotment did not constitute commitment of funds and that, in view of situation in the NEI, ECA must reserve right to review carefully any allotment for use in NEI.

ECA will make allotments public on Dec 14. Body of press release will emphasize all allotments for programming purposes and do not constitute commitments.

LOVETT

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<sup>1</sup> Repeated as 623 to The Hague.

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501.BC Indonesia/12-1348 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET      NIACT

BATAVIA, December 13, 1948—11 p. m.  
[Received December 13—3:19 p. m.]

1090. Gocus 484. Reference paragraph Gocus 483.<sup>1</sup> With Supomo and Darmasetiawan visited Sukarno in Jogja 10 a. m. today. Conferred and lunched Kaliurang with Hatta and dozen advisors. After reading GOC report of December 12 to SC and particularly Netherlands letter December 11 to GOC, Hatta wrote following letter dated Kaliurang December 13 addressed Cochran, US representative GOC, and signed Hatta, Vice President and Prime Minister Republic of Indonesia: [Here follows text printed in SC, 3rd yr., Suppl. (Dec.), page 215.]

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<sup>1</sup> Telegram 1086, December 12, not printed.



Preparation and revision letter participated in by Sukarno, Hatta and advisors. I feel it merits careful and sympathetic consideration in connection with GOC special report and particularly paragraph 8 (a) of Netherlands *aide-mémoire*. Sincerely hope Netherlands Government may take cognizance this reasonable approach and agree prompt negotiations and postponement setting up interim government. Neither threats of immediate interim government without Republic and of police action against Republic nor diplomatic pressure from foreign power can in my opinion move Republic position prior bona fide negotiations. I delivered copy above letter to Schuurman 6:30 p. m. today under following cover:

"I have pleasure in enclosing for urgent attention true copy of letter dated Kaliurang, December 13, 1948, which Dr. Hatta, Vice President and Prime Minister of Republic of Indonesia, handed to me today."

I told Schuurman he must realize how sincerely interested I have been in working toward peaceful settlement Indonesian question. From messages received over weekend from Washington and Hague I thought there was still one opening which his government hoped would be explored. This was to see if Republic would make further approach to Netherlands Government with view to bridge gap. My government had authorized me do what I thought feasible. I said I had consequently seen Republic officials with above result. Schuurman said this was important to Beel. I said he was entirely at liberty to pass it on to his government immediately in order it would be informed of developments and see approach with Republic was made. Signed Cochran.<sup>2</sup>

Repeated The Hague.

LIVENGOOD

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<sup>2</sup> Telegram 4778, December 14, 5 p. m., to Paris (for Jessup), suggested bringing the Hatta letter of December 13 to the attention of the Indonesian representative at the United Nations (Palar). Telegram 1090 was repeated in telegram 4783, December 14, 6 p. m., to Paris, with the suggestion that the Hatta letter be brought to the attention of the Netherlands representative (Van Boetzelaer). Telegram 626, December 14, 6 p. m., to The Hague, directed sending the Hatta letter to Brussels. (501.BC Indonesia/12-1348)

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856d.00/12-1448

*Memorandum of Conversation, by the Assistant Chief of the Division of Southeast Asian Affairs (Lacy)*

SECRET

[WASHINGTON,] December 14, 1948.

I reached Dr. Soemitro by telephone at about 10 a. m. this morning at the Mayflower Hotel. I told him that the Department had learned during the past twelve hours of certain important developments of

which it felt he should have knowledge before his press conference at 11 o'clock. Dr. Soemitro agreed to come to my office, which he did, arriving at about 10:20.<sup>1</sup>

I told Dr. Soemitro: (a) That the Netherlands Embassy had informed the Department yesterday evening that it would deliver to the Department this morning a reply to Dr. Soemitro's memorandum concerning the projected shipment of textiles from an American port to the Indonesian Republican Government. I said that I was in no way familiar with the substance of the Netherlands' reply and that it was not my intention to influence the treatment which he might give this matter in his press conference but that I thought it important for him to know that a reply would be forthcoming today from the Netherlands Government on the matter. Dr. Soemitro replied that he was very grateful to me for giving him this information but that he felt he must, until the letter was received, take the position that he had received no reply from the Netherlands Government. (b) That Prime Minister Hatta had addressed to Mr. Cochran a letter dated December 13, which Mr. Cochran had delivered to Mr. Schuurman of the Netherlands delegation at Batavia at 6:30 p. m., December 13, Batavia time. I read the text of the letter to Dr. Soemitro and I later handed him a copy thereof. I again told Dr. Soemitro that it was not for me to suggest the line he should take in his press conference but that the Department considered it most important for him to know of Mr. Hatta's latest communication with the Netherlands delegation and to have the opportunity to bring his remarks at his press conference into full coincidence with the position taken by his President and his Prime Minister. I added that I was sure he would agree that all parties concerned must make every effort at this moment to create an atmosphere most favorable to the resumption of successful negotiations. Mr. Soemitro thanked me for the Department's thoughtfulness in advising him of Mr. Hatta's letter. He said that he could not understand how the Netherlands could have had any genuine or sincere misunderstanding of Mr. Hatta's position which he had embodied in his original *aide-mémoire* to Mr. Stikker. He said that since he felt that the Netherlands had deliberately misunderstood Mr. Hatta's position, he could not see that Mr. Hatta's latest letter would improve the situation in any important degree. I told Dr. Soemitro that I did not agree with him since I felt Mr. Hatta's letter was of such clarity as to eliminate many misunderstandings which had separated the Netherlands and the Republic, whether those misunderstandings were genuine or deliberate.

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<sup>1</sup> Mr. Soedarpo also was present.

I impressed upon Dr. Soemitro the confidential character of Mr. Hatta's communication, pointing out that at this moment its existence was known only to the Government of the Indonesian Republic, the Government of the Netherlands, and the United States Government. I pointed out that serious complications might result from his revealing its existence to anybody, least of all the members of the press. Dr. Soemitro said he thoroughly understood the importance of respecting the confidential character of Mr. Hatta's communication to Mr. Cochran. Dr. Soemitro said before he left that he would consider remarking in the course of his press conference that he had received information which led him to believe that his Government was prepared to take certain action which would make possible the resumption of negotiations. I said that was his business.

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501.BC Indonesia/12-1448 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State* <sup>1</sup>

SECRET

US URGENT

BATAVIA, December 14, 1948—2 p. m.

NIACT

1092. Gocus 485. In amplification my views in Gocus 481 and 483, both of December 12,<sup>2</sup> I submit following relating to Netherlands *aide-mémoire* December 10 (Usgoc 230 <sup>3</sup>).

1. Throughout *aide-mémoire* Netherlands refers only to first of 6 additional *Renville* principles. True adherence to *Renville* requires settlement consistent with all 18 *Renville* principles, not based on 1 only, and that 1 taken out of context.

2. *Aide-mémoire* emphasizes necessity of recognition of Netherlands sovereignty over Indo in interim period and charges in effect that Republic repudiates this. Actually such recognition is entirely consistent with Republic position that Netherlands, while retaining ultimate powers of sovereign, should, by terms of political agreement between parties and Netherlands decrees implementing same, voluntarily impose upon itself restraints and limitations which would prevent exercise of sovereign powers by Netherlands officials from being absolute and uncontrolled.

3. In discussion sovereignty as purely abstract conception which requires that Netherlands have uncontrolled and irresponsible power in interim period so far as Indos are concerned, *aide-mémoire* ignores realities of situation. Republic is actual govt carrying on all *de facto*

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<sup>1</sup> Repeated in telegrams 4786, December 14, 7 p. m., to Paris (for Jessup), and 628, December 15, 5 p. m., to The Hague.

<sup>2</sup> Telegrams 1084 and 1086; latter not printed.

<sup>3</sup> Telegram 635; see footnote 1, p. 544.



functions of such and exercising control over 30,000,000 people. Those who have been in Republic come to appreciate fact that despite many handicaps Republic does govern with support of governed, remarkable in sustained circumstances of adversity. Such a govt is unlikely subject itself to absolute authority of another without requiring adequate guarantees that that authority will not be abused. Republicans emphasize that experiences of 3 years, including sequels both of Linggadjati and *Renville*, have caused them be suspicious.

4. Believe paragraph 3 of *aide-mémoire* inaccurate in stating Hatta willing give only formal recognition to Netherlands sovereignty and not concede it in practice. Republic position seems to be that govt in interim period should be based on both Indo and Netherlands authority with Netherlands having both ultimate sovereignty and full powers carry out obligations thereof. Hatta is willing stipulate that high representative have veto power and that he be empowered to act regardless of ordinary legal limitations in state of siege, war and insecurity. He requires merely that some standards be included in Netherlands law, or decree setting up interim govt, so that high representative's power to veto or to declare emergency should not be exercised on purely arbitrary and personal basis. See paragraphs 8, 9, 10 of Hatta note December 13 in Gocus 484.<sup>4</sup> Also paragraph 11 for indication of how Netherlands misunderstanding here may have arisen. Likewise, Hatta concedes Netherlands authority over foreign relations as basic sovereign power. See Hatta's *aide-mémoire* November 10, in paragraph 11 Gocus 441 of same date.

5. I decidedly do not agree with statement in paragraph 4 of *aide-mémoire* that Republic position in direct talks nullifies their earlier acceptance of USDel plan as basis for resumption negotiations. My information is that Republic is generally in accord with provisions USDel plan, which was written on basis *Renville* principles, and in fact, has shown willingness for sake of harmony to waive much which USDel plan and *Renville* would give them. On other hand, it is Netherlands delegation which stated in note of October 14, commenting on USDel plan, that "there are parts of draft agreement, to which objections of such a serious nature exist, that they could not be incorporated in the political agreement." See also oral notes 1 and 2 attached thereto, Gocus 402, October 5.

6. Position assumed by Netherlands delegation in 4 *A*, *B*, *C* and 8 *B* of *aide-mémoire* seems to leave no room for true negotiations. They indicate that what is required of Republic by Netherlands is more in nature of surrender than willingness to negotiate fair and reasonable agreement.

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<sup>4</sup> Telegram 1090, December 13, p. 552.

7. Allegations made in paragraph 5 of *aide-mémoire* seem unfair. Hatta's unwillingness to act without consultation with, or against opposition of, Republic political parties typifies normal attitude of leaders in democratic state. My own observation is that Hatta and Sukarno are skillful leaders with substantial support and are not dominated by "irresponsible and extremist elements". Noteworthy in this connection is that Netherlands delegation has constantly temporized when seeking instructions from Hague and that even Netherlands ministerial delegations unable to negotiate freely on basic issues without returning to report and obtain instructions from home government. See also Usgoc 233, December 11, repeating Hague's 834,<sup>5</sup> revealing difficulty Netherlands Govt keeping in hand Netherlands parties and "extreme elements among Netherlands officials in Indo".

8. Paragraphs 3 and 7 of *aide-mémoire* raise question of truce enforcement. For evaluation this situation see GOC 4th interim report and also GOC special report, Gocus 480, December 12.<sup>6</sup> Note that allegation made in second sentence paragraph 7 does not necessarily involve complicity Republic Govt, nor has evidence referred to been made available to GOC, except sketchy data of limited probative value. Following considerations are also important in discussion this problem:

(a) Neither justice nor political realities permit that Republic alone be required take unilateral measures for truce enforcement.

(b) Perhaps greatest difficulty in implementation truce arises from failure reach political agreement after 10 months. Can be no lasting improvement without political agreement. Political agreement is really condition precedent to improvement rather than vice versa.

(c) At least one important factor in unrest is economic deterioration arising partly from failure to implement section 6 of truce agreement, which surely is not sole responsibility Republic.

9. I submit that parties have obligation to permit reasonableness of their respective positions to be assessed in full negotiations with GOC in position to observe and to contribute to fullest extent consistent with position as good officers. I must condemn any disposition of one party to block resumption of such negotiations.

10. Reference Usgoc 231, December 10 relaying Hague's 835.<sup>7</sup> Now apparent that original draft US *aide-mémoire* not prepared under any misapprehensions as to true circumstances of departure from Batavia of Netherlands ministerial delegation. See no purpose in preparation note to Republic. I have gone to all lengths thru whole period to bring parties together and have found cooperative attitude

<sup>5</sup> December 8, p. 539.

<sup>6</sup> See footnote 2, p. 549.

<sup>7</sup> Not printed.

on parts Hatta and Sukarno. Republic reiterates willingness to negotiate basis USDel plan and to present full position on all issues in GOC.

11. Above likewise will serve as commentary on Usgoc 233 of December 11 repeating Hague's 834. Believe suggestion last paragraph met by Gocus 484, December 13. With reference to penultimate paragraph Hague's 834, (likewise paragraph 6 Netherlands *aide-mémoire*), regard to practicability of Republic participating in federation interim govt after creation, see position taken in paragraph 7, GOC special report (Gocus 480<sup>8</sup>). See also IV of Netherlands delegation letter December 11 to GOC (Gocus 479)<sup>9</sup> which states "possibility for incorporation of Republic-held areas in federation system must remain open." It is not known whether term "Republic-held areas" used here instead of "Republic" is intended to have special significance.

12. ReDeptel 642, December 11, repeating Hague's 842.<sup>10</sup> British Consul General call today. I told him of visit to Republic and gave him copy of Hatta letter quoted Gocus 484. He indicated would cable his govt regarding results my visit and make no separate representations to Republic unless further instructed. Signed Cochran.

Sent Department 1092; repeated Hague.

LIVENGOOD

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<sup>8</sup> Telegram 1083, December 12; see footnote 2, p. 549.

<sup>9</sup> Telegram 1082, December 11, p. 548.

<sup>10</sup> December 10, not printed.

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501.BC Indonesia/12-1448: Telegram

*The Acting Secretary of State to the Consulate General at Batavia*<sup>1</sup>

SECRET

WASHINGTON, December 14, 1948—6 p. m.

650. Usgoc 238. Dept considers Hatta letter contained Gocus 484<sup>2</sup> extremely important and warmly congratulates you on your pertinacity, skill and achievement in most difficult circumstances.

Dept believes letter offers adequate and practical grounds resumption negotiations within or without GOC. Text Hatta letter will be shown Brit Emb Wash today.

In view conclusion GOC report to SC to effect that negotiations broken off and virtually impossible of resumption, Dept suggests but leaves to your discretion desirability telegraphing SC supplementary report giving text or substance Hatta letter as soon as your under-

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<sup>1</sup> Repeated in telegram 631, December 15, 7 p. m., to The Hague.

<sup>2</sup> Telegram 1090, December 13, p. 552.



takings preserving confidential character of letter can be properly disposed of, and GOC procedural requirements satisfied.

LOVETT

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501.BC Indonesia/12-1448: Telegram

*The Acting Secretary of State to the Consulate General at Batavia*<sup>1</sup>

SECRET

WASHINGTON, December 14, 1948—6 p. m.

651. Usgoc 239. Counselor Brit Emb called Dept Dec 13 to express his govt's view crucial military points on which Neth-Repub talks broke down. He stated Shepherd having reported Repub conviction that Dutch should accept same arrangements in force interim period India had been instructed point out to Repub that throughout interim period command over all armed forces India had been vested in Brit Crown and that no protocol had been signed respecting limitations on use such forces by Crown Repr. His govt considered Neth on firm ground in insisting upon exercise by Neth of supreme command military forces Indo interim period as only basis on which Neth sovereignty could have meaning. His govt also believed Repub must accept merging individual Repub soldiers in units federal army as preservation identity "national army" would likely have same disastrous aftermath Indo as in Burma. His govt considered Dutch would find it politically impossible give way on these two points and trusted US Govt would be disposed influence Repub give in since if deadlock continues Dutch will set up interim govt, which will lead widespread disorders and long period instability of which Communists will take full advantage. Brit Counselor further believed that in case dispute between HRC and interim govt, facts situation would be sufficient safeguard prevent HRC from ordering use force against wishes interim govt, which might well lead chaos and civil war.

Dept officers noted they understood Repub willing accept complete amalgamation TNI in Federal army. Re powers HRC situation Indo radically different from that India. In latter, metropolitan power was already in complete control country at outset interim period and all concessions were being made by it. In Indo, nationalist govt, which already virtually independent for three years, was being called on for major concessions. Dept officers recalled deep-seated Repub fear Neth would use supreme military power to eliminate all non-subservient nationalist elements. Unless Neth could give assurance such power would be used for purely constructive ends with purpose turning over full powers govt soonest to Indos, as Mountbatten had used his power,

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<sup>1</sup> Repeated as 625 to The Hague and as 4782 to Paris (for Jessup).

and not to victimize Repub political and military leaders, Dept officers believed great difficulty would be encountered in persuading Repub accept Neth demands.

Brit Counselor stated he would inform his govt these views. Dept officers said they would communicate Brit views to you.

Dept suggests in your discretion you discuss matter further with Shepherd, perhaps on basis Hatta letter of Dec 13 (Gocus 484) which appears to Dept a most constructive document and one which amply justifies your efforts find basis for resumption negotiation by further trip Jogjakarta. You may also feel free discuss Dept's Dec 7 *Aide-Mémoire* to Neth with Shepherd since Brit Emb Wash has been provided copy on confidential basis. Shepherd can also give you substance Brit memorandum to Neth Govt since Brit Emb Wash has given Dept sense thereof on confidential basis.

LOVETT

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S56d.00/12-1448 : Telegram

*The Ambassador in Belgium (Kirk) to the Secretary of State*

SECRET      US URGENT  
 NIACT

BRUSSELS, December 14, 1948—8 p. m.  
 [Received December 14—8:44 p. m.]

2153. After explaining along lines last paragraph your telegram 1622, December 9, gave Spaak text our *aide-mémoire* to Dutch Government. His reaction was our position had been set forth very clearly, covered subject thoroughly and text was not as strongly phrased as Dutch had represented it to him. From his conversations with Dutch Ambassador, Spaak felt Dutch are being obstinate and he inclined to belief that Dutch military leaders in Indonesia are pressing for military action. Spaak says such military pressure is very dangerous and he fears negotiations may be suddenly disrupted by military measures. In event such action by armed forces were initiated, their only justification would be swift and sweeping successes achieved in very short space of time, say three or four days. Any prolongation would lead exactly to picture set forth your paragraph 11. He quite agrees even military success would probably leave feeling rancor and hate and delay any really lasting solution.

However, should military operations not proceed favorably Spaak very much fears repetition situation such as exists today in Greece with a running sore in Indonesia doing incalculable harm from every point of view.

Spaak says Dutch complain to him that they have never been able obtain from Hatta any clear-cut definition of views, aims or claims.

Hatta is represented as shifty and unreliable with all those racial characteristics which Dutch dislike and distrust.

Basic trouble with settlement this whole problem, according to Spaak, lies in lack of real authority membership GOC since its inception coupled with distance and remoteness area from governments taking part in negotiations which make communications slow and instructions frequently outdistanced by events.

He offers suggestion that seriousness present situation requires action by GOC authorities on highest level and proposes meeting Washington earliest between Lovett, himself and Australian of highest rank (he did not actually name Evatt but I think meant him). Spaak believes such *ad hoc* GOC could summon Hatta and Dutch Foreign Minister and speaking with full force and authority combined nations produce results. He is instructing Silvercruys<sup>1</sup> accordingly.

Dutch Ambassador will be apprised by Spaak of his support our note and of serious view Belgians take of whole affair. I feel Dutch Ambassador may very likely be sounded on suggestion Washington meeting. As I am to see Spaak again tomorrow, would urgently request your reaction suggested early high level conference GOC nations at Washington.<sup>2</sup>

Sent Department 2153; repeated Hague 110.

KIRK

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<sup>1</sup> Baron Silvercruys, Belgian Ambassador in Washington.

<sup>2</sup> In telegram 1650, December 14, midnight, to Brussels, the Department welcomed the Belgian suggestion and said it was receiving most serious consideration "to end that views this Govt can be communicated earliest possible moment." Telegram 2157, December 15, midnight, from Brussels, reported that the Netherlands Ambassador was consulting his government. (856d.00/12-1448, 12-1548)

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501.BC Indonesia/12-1448: Telegram

*The Acting United States Representative at the United Nations  
(Jessup) to the Secretary of State*<sup>1</sup>

SECRET URGENT

PARIS, December 14, 1948—11 p. m.

[Received December 14—7:51 p. m.]

Delga 1192. Netherlands representative on SC today stated Hatta has sent important telegram to Stikker, which contained important concessions and, he argued, was basis for delaying SC action.

Republican delegation called asking whether US continues request to delay SC meeting. Pursuant McClintock's<sup>2</sup> conversation J. Hyde,<sup>3</sup>

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<sup>1</sup> Repeated in telegram 656, December 15, 5 p. m., Usgoc 241, to Batavia.

<sup>2</sup> Robert M. McClintock, Special Assistant to the Director of the Office of United Nations Affairs (Rusk).

<sup>3</sup> James N. Hyde, member of the U.S. mission to the United Nations.



we stated we did not make any request as to further delay of meeting. Republican delegation has today submitted letter to president of SC based on cabled report of GOC dated December 12.<sup>4</sup> (Report was circulated to SC members today without appendices which are reports of parties on status of negotiations.) Letter recites conclusions of GOC that negotiations broken down, that truce can not be maintained and economic deterioration with resulting possibility widespread hostilities.

Letter characterizes situation threat to peace, requests immediate meeting before SC recess. Relief requested is SC insurance that situation will not be worsened and resumption negotiations under GOC auspices or otherwise.

Republican delegation, in oral explanation, is looking toward resolution requesting both parties refrain military action next three weeks and inviting GOC to present case to SC second week in January full dress debate.

Meeting now would be simply to draw attention to situation without getting into merits. Republican delegation still thinking in terms of continuance of GOC with added powers and it talks of eventual compulsory arbitration. Republican delegation is putting pressure on SC president through China to call meeting December 16.

Australian representative also called repeating above substance. Felt a formal meeting with statements, even if no solution, would have important deterrent effect on Dutch, and that debate on merits could be delayed until January.

To all these delegations we stated that our instructions not yet received, we were not urging anyone to delay meeting.

JESSUP

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<sup>4</sup>For text of Mr. Palar's letter, December 14, see SC, *3rd yr., Suppl.* (Dec.), p. 210.

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856d.00/12-1548

*Memorandum of Telephone Conversation, by the Director of the Office of European Affairs (Hickerson)*

SECRET

[WASHINGTON,] December 15, 1948.

I called Mr. Steere at The Hague and said that I was prompted by his recent telegrams to make the following points: (a) That the Department attaches great importance to the letter from Hatta explaining the Republic's position on the issues which caused the breakdown of recent negotiations, and that we consider the letter provides an impelling reason for the Dutch to resume negotiations; (b) With reference to the Embassy's recent telegrams concerning the importance

of maintaining good US-Netherlands relations, I said that we of course have every reason to wish to continue close and cordial relations, but that we viewed the Indonesian issue as an important factor not only in US-Dutch relations but in our general policy, and we urgently desired a peaceful settlement of the Indonesian dispute. I said that this was for Mr. Steere's information and guidance, and that we did not desire any specific action on his part at this time.

Mr. Steere called my attention to paragraph 4 of The Hague's telegram No. 834 of December 8, and said that other messages on this subject were en route. The paragraph referred to reads as follows:

"Again it [i.e. the Netherlands Cabinet] <sup>1</sup> might fall because of internal dissensions as it is strange collection of bedfellows, composed as it is of elements from all social structures and of all religious and political concepts, except communism."

J[OHN] D. H[ICKERSON]

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<sup>1</sup> Brackets appear in the original text.

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501.BC Indonesia/12-1448: Telegram

*The Acting Secretary of State to the Embassy in Belgium*

SECRET      US URGENT      WASHINGTON, December 15, 1948—5 p. m.

1651. Embtel 2153 Dec 14. Dept has seriously considered Spaak suggestion and authorizes you make reply Spaak drawing appropriately on following paragraphs:

Dept particularly grateful for Spaak's serious study of problem, on which his suggestions clearly based, and praises his statesmanlike estimate Indonesian situation. Dept believes Spaak's suggestion while having great merit has been overtaken by events of which Spaak could not have known at time his proposal made. Dept refers to letter addressed by Indo Repub PriMin Hatta Dec 13 to Cochran, US Member GOC, text of which embodied Gocus 484 <sup>1</sup> rptd to you by Emb Hague Dec 14. If Spaak has not recd text this letter you should supply him with it on conf basis. Dept believes Hatta letter provides reasonable basis resumption negotiations and reflects conciliatory attitude Repub Govt. Dept is heartened by press reports effect Neth regards Hatta letter important concession and has delayed formation interim govt without Repub at least for time being. Dept believes that if Hatta letter provides basis for resumption bona fide negotiations Neth and Indo Repub, no high level meeting GOC Govts and parties to dispute required, since substantial agreement having been reached on other

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<sup>1</sup> Telegram 1090, December 13, p. 552.

than military issues, it would remain for negotiators only to reduce to definite form understandings of somewhat technical character which are suggested in Hatta's letter.

Dept also believes full dress meeting three FonMins representing GOC powers would, because of great personal prestige of Spaak and prestige offices held by other conferees, change character GOC from that of good offices to something approaching mediation commission; recommendations of such a commission would probably be regarded by disputants as imposing solution upon them by the three GOC powers. Dept has long considered that because of very nature problem, Indonesian dispute must be settled if possible through peaceful negotiation to end that voluntary settlement be achieved rather than through imposition on both parties of solution which neither would consider satisfactory and for which neither would feel responsible.

Dept considers one most attractive aspects Spaak's suggestion that it would provide US Govt with prospect visit by Spaak to Wash. While Dept does not consider there is particular need Spaak's presence Wash now, it would like him know it values his counsel and advice at all times and would welcome his presence Wash any time he feels circumstances most propitious.

Dept considers Spaak's influence in Western European affairs in general and with Neth Govt in particular as great and perhaps insofar as the Indonesian question is concerned, decisive. It would suggest to Spaak therefore desirability his making his views on Indo problem clear to Neth Govt on highest level to end that a settlement be achieved at earliest possible moment of this problem, solution of which is so important to success Brussels' system and strengthening of anti-Communist forces in Asia and throughout world.

LOVETT

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501.BC Indonesia/12-1548: Telegram

*The Acting Secretary of State to the Acting United States Representative at the United Nations (Jessup) at Paris*

SECRET  
NIACT

US URGENT

WASHINGTON, December 15, 1948—6 p. m.

4806. For Jessup: We would much prefer that SC not consider Indonesian case in full dress debate on Fri, Dec. 17.

This consideration based upon several factors: (a) your personal indisposition, (b) desire of SC reps to recess over holidays, (c) fact that Hatta letter may bring about resumption negotiations in near future and (d) that this govt intends make oral representations Dutch



here expressing hope that negotiations on basis Hatta letter (Gocus 484<sup>1</sup>) will in fact be resumed.

In consequence these considerations we feel that it would suffice for President of SC on Fri to take note of statements made today by reps of Indonesian Republic and of Netherlands. President might express hope that parties will find new ground for continuing negotiations; make significant reference to concern of SC that there be no resumption hostilities in Indonesia; and request report from both Indonesia and Netherlands at SC's first meeting in 1949.

If, despite these suggestions, GOC report is tabled or resolution should be offered thereon, you should say that in light considerations set forth second para above, US Del will require time to study report or resolution and in particular will be interested to learn from Govts concerned progress of hoped-for resumed negotiations.

Repeat Batavia as 657 Gocus 242, Hague as 630, Brussels as 1654.

LOVETT

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<sup>1</sup> Telegram 1090, December 13, p. 552.

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856d.00/12-1648 : Telegram

*The Chargé in the Netherlands (Steere) to the Secretary of State*

SECRET

PRIORITY

THE HAGUE, December 16, 1948—1 a. m.

NIACT

859. In a brief talk with Stikker tonight I stated my impression that the American Government was in complete sympathy with the openly declared ties and objectives of the Netherlands Government in Indonesia, and went on to say that, given this identity of views, I personally, and other Americans, could not understand how there could be such apparent readiness on the part of many Dutch officials and statesmen to pursue a course in Indonesia that they knew and admitted would jeopardize Dutch interests and aims there, and possibly endanger even more vital objectives in Europe, when, it seemed to us, there was an alternative course open that avoided such jeopardy and would achieve peacefully and even more certainly the objectives they have in mind.

Stikker replied that three years fruitless experience trying to negotiate with Republic had destroyed all faith in possibility of any acceptable agreement for majority of Dutch people, and it was impossible send another ministerial delegation to Indonesia in these circumstances. Situation in Indonesia was deteriorating steadily and there was real danger of Cabinet falling here. Latter was still con-

sidering what to do, including question of Washington trip. He intimated clearly that there was much sentiment for strong course of action in Indonesia.

He asked direct question of whether US Government sided with Netherlands in regard to question of, (1) Unified command armed forces and, (2) TNI. I said Cochran had indicated, and to Soekarno, that he sided with Netherlands in regard to these questions. (See Gocus 469.<sup>1</sup>)

Stikker called me 12:30 tonight and said above conversation had given him an opening in Cabinet meeting which he had used to "gain a little more time". Cabinet had agreed to despatch of reply to Hatta letter which was in preparation and would go off tonight. He indicated urgent desire for Cochran assistance in handling matter at Batavia end and said he was ordering plane be ready in Batavia for emergency trip to Djocja. He emphasized that all speed is necessary in securing reply desired from Hatta, and repeated most earnestly "the time is extremely short".

Sent Department niact 859; Department passed Batavia niact.

STEERE

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<sup>1</sup> Telegram 1056, December 4, p. 517.

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501.BC Indonesia/12-1448: Telegram

*The Acting Secretary of State to the Consulate General at Batavia*<sup>1</sup>

CONFIDENTIAL

WASHINGTON, December 16, 1948—noon.

659. Usgoc 244. Memo received Dec 14 from Neth Emb re shipment textiles to Repub stating in part:

"Govt Indonesia prepared cooperate with view implementing transaction. Govt Indonesia willing within limit regulations now in force and with right taking all supervisory measures deemed necessary to cooperate in order have these measures carried out smoothly and efficiently. This connection, inspection merchandise before loading steamer in US would be useful although would not preclude further inspection on arrival Indonesia. If at any time value merchandise exported from Repub controlled territories to US exceeds value merchandise imported from US, such excess will be allowed only if balance used exclusively for imports consumer and reconstruction goods. Balance to be deposited in bank selected mutually which as trustee will fully guarantee these funds will be used exclusively for imports Indonesia required consumer and reconstruction goods." Memo then notes urgent need textiles and other articles Repub territories and

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<sup>1</sup> Repeated as 632 to The Hague.

reminds Repub [that] Govt Indonesia had been willing put stocks these articles its disposal without awaiting final agreement terms payment. Concludes with statement transactions this nature can be more quickly and easily conducted Batavia.

Copy memo handed Soemitro same day by Dept officer who quoted Neth Trade Commissioner as observing transaction should encounter no great difficulties since would be conducted under beneficent eye US.

No objection your informing Repub and colleagues GOC of above memo.

LOVETT

S56d.00/12-1648: Telegram

*The Chargé in the Netherlands (Steere) to the Secretary of State*

SECRET      PRIORITY  
NIACT

THE HAGUE, December 16, 1948—4 p. m.  
[Received December 16—3:05 p. m.]

860. Lovink handed me this morning text Netherlands reply to Hatta letter December 13 (Embtel 859, December 16) which reads as follows:

[Here follows text of reply quoted by the acting chairman of the Netherlands delegation at Batavia on December 17 and printed in SC, *3rd yr., Suppl.* (Dec.), page 218, except that the final paragraph was added subsequently.]

Lovink said Cabinet decision reject Hatta letter narrowly averted last night and that Netherlands reply to Hatta was truly last possible move from Netherlands side—"the cards were now down" and everything depended on Republican reply.

By way of explanation he said that Netherlands was insisting upon Republican acceptance of four points lettered *a*, *b*, and *c*, the fourth (in regard termination of truce violations and evacuation of infiltrants) being found in text immediately following point (*c*). Netherlands requirements (none of which represented new matters of substance) were that Republican Cabinet should give binding declaration of its endorsement of assurances (*a*, *b*, *c*) which Hatta had given to Stikker during latter's first visit to Indonesia, and additionally in regard its readiness to take effective measures terminate truce violations and evacuate infiltrants. (Note Hatta memorandum November 10 in above connection.<sup>1</sup>)

Lovink said that Netherlands Government requirements in the above respect could be met by acknowledgment of above communication and

<sup>1</sup> For text, see SC, *3rd yr., Suppl.* (Dec.), p. 133. See also telegram 998, November 10, p. 479.



straightforward statement that Republican Government prepared agree to its terms.

Lovink referred to extreme urgency of prompt and unequivocal acceptance if Netherlands were not to proceed forthwith with setting up of interim federal government regardless Republican participation.

Department will note from above the Netherlands demands are pointed at immediate Republican participation in interim federal government, that Dutch have firm intention in all events of proceeding with interim federal government (latest by January 1), and do not envisage resumption negotiations under auspices GOC.

Department may desire pass comments to Batavia.

STEERE

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501.BC Indonesia/12-1648: Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

SECRET      US URGENT      WASHINGTON, December 16, 1948—8 p. m.  
NIACT

663. Usgoc 247. Director of FE and Deputy Director UNA called in Counselor Netherlands Embassy this afternoon to express hope that SC would not have to discuss Indonesian case tomorrow if in fact reports reaching Dept gave any encouragement to belief that chance of resumption negotiations was possible.

Netherlands Counselor had brought with him text of reply of his govt<sup>1</sup> to letter which Hatta addressed to you Dec. 13. Although he endeavored to make personal argument that letter left door open to resumption of negotiations it is obvious that text is unbending, leaves little perceptible leeway for negotiations.

Dept officers said US Rep on GOC might not feel justified to take such a document to Hatta under pretext that this was invitation to further negotiations.

Dept officers made very strong representations that if it was intention of Neth Govt to continue negotiations that Govt should instruct its delegation at Batavia to give you full and authoritative explanation as to the true meaning of its propositions in order to make it possible for you to explain to Republican leaders that the door was not closed to further negotiations if that in fact was the case.

For your info Dept feels Neth request reasonable that Hatta's letter be formalized declaration binding his Govt.

Dept also took exception to concluding sentence of note pointing out that unless you were assured that Dutch Govt was not contemplating

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<sup>1</sup> The text of this was repeated in telegram 4824, December 16, 7 p. m., to Paris (for Jessup); the same was sent as 633 to The Hague, 1657 to Brussels, and 4680 to London. For text, see *supra*.

action such as promulgation BIO decree during period when you were acting at Dutch Govt's request as its emissary you would be placed in an equivocal position by undertaking such a mission in such circumstances.

Helb, speaking personally, pointed out that time was very short. He wondered if Netherlands Rep on SC tomorrow might not make statement to effect that letter in response to Hatta had been sent which left way open for further negotiations. We said that such a statement would only have credence if in fact Dutch Govt was prepared for further negotiations and would authorize such an explanation of letter as would give proof of this intention.

Dept officers in all candor remarked to Netherlands Counselor that if his Govt's letter to you were made public in SC it could not but have unfortunate effect on public opinion toward Netherlands and would appear in strange juxtaposition to Hatta's communication of Dec. 13 which would of course also be published.

Repeated to Paris, niact, for Jessup, as 4827. Repeated niact Amembassy, Hague, as 634, Brussels niact 1658.<sup>2</sup>

LOVETT

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<sup>2</sup> Telegram 1661, December 17, 3 p. m., to Brussels, directed that the substance of this telegram be given Mr. Spaak.

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501.BC Indonesia/12-1748 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia*<sup>1</sup>

SECRET      US URGENT      WASHINGTON, December 17, 1948—4 p. m.  
 NIACT

665. Usgoc 248. Neth Counselor has just telephoned Dept stating Neth Emb has recd tel from Hague indicating that explanatory instructions re Neth reply to Hatta letter are going forward to Nethdel Batavia for conveyance to you. He indicated he was in position confirm that Neth reply is (as taken in shorthand) "asking for nothing new—only for confirmation that Repub Cabinet as such is accepting what has already been promised by Hatta privately; that points *a*, *b* and *c* are nothing new as far as basic principles decree are concerned, Hague believes Hatta will understand what it means as result of all discussions with him; and that all this may not seem clear to others but certainly will be clear to Hatta; that only thing Dutch ask is that promises given in his letter will be confirmed by him by simple yes as binding Repub as such." Neth Counselor indicated he expected

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<sup>1</sup> Repeated as 638 to The Hague.

Steere would be in position following conversation with Lovink to confirm this.

Dept awaits Steere's report for clarification and confirmation and therefore made no comment beyond expressing appreciation for info.

LOVETT

856d.00/12-1748 : Telegram

*The Chargé in the Netherlands (Steere) to the Secretary of State*<sup>1</sup>

SECRET

PRIORITY

THE HAGUE, December 17, 1948—6 p. m.

NIAC

MOST IMMEDIATE

[Received December 17—8:49 p. m.]

870. Lovink informed diplomatic representatives referred to Embtel 866, December 17<sup>2</sup> that accelerated deterioration conditions Indonesia had caused Dr. Beel to inform Republic in connection with submission of latest Netherlands Government communication (Embtel 860, December 16) that an answer must be received by 10 a. m. tomorrow, December 18, local time Batavia (3 a. m. Hague time). Lovink described events leading to this "shortening" of time as follows:

1. Increased infiltrations into Netherlands held territory of exceedingly well armed and organized bands with indications that intention is to step up violences later this month.

2. Troop concentrations and movements under guise of "maneuvers" immediately behind the *status quo* line which Netherlands authorities can only regard as ominous. Lovink said there are now 120,000 Republican troops in that position.

3. Official Republican broadcast Djocja radio Wednesday night had declared Hatta letter only his personal opinion;<sup>3</sup> that Netherlands demands regarding powers HRC meant nothing less than return to old colonial regime under another name; that reduction of TNI must be accompanied by proportionate reduction Netherlands forces Indonesia.

4. Soekarno trip with so many ministers (Embtel 864, December 16<sup>4</sup>) viewed with misgivings as an indication of instability of Republican Government and its inability to cope with responsibilities of government. Implication was that effect may be to open way for Tan Malakka and other anti-government elements to gain control or at least create increased confusion.

Dr. Beel, weighing all of these circumstances, which were attended, he had reported, with widespread and sweeping growth of all sorts of

<sup>1</sup> Repeated in telegram 4857, December 17, 11 p. m., to Paris (for Jessup) and as 668 to Batavia.

<sup>2</sup> Telegram not printed; the representatives were British, French, Canadian, Belgian, and American.

<sup>3</sup> Telegram 871, December 17, 10 p. m., from The Hague, corrected this by adding that it was not found in the translated broadcast from Djocja (856d.00/12-1748).

<sup>4</sup> Not printed.



rumors, fears and apprehensions among the native population as to what might be about to happen, had felt impelled to bring matters to early final decision one way or another to avoid the risks of further delay.

Dutch cabinet will be meeting later tonight to take decision upon any answer that may be received before deadline or in event no answer is received.

Above information was given out in presence of Boon and Blom in an atmosphere which suggested that government felt caught up and rather helpless in current of events. Soekarno's departure, which has not yet been actually confirmed here but is assumed fact, seems to have introduced unexpected and disturbing element in calculations.

Lovink asked me remain and after others had gone said Stikker wanted to see me. Stikker was both discouraged and agitated. He was obviously much concerned at advance of deadline after statement about "Sunday" referred to Embtel 864, December 16, and said he no longer could control situation. Beel, he said, had disregarded cabinet instructions and acting on his own judgment of situation, which he had every right to do in emergency as HRC, had advanced deadline to 10 a. m. tomorrow morning (Batavia). This was highly embarrassing to Hague, and particularly to him (Stikker) but Beel could not be "sacked" in circumstances. Stikker very much hoped that his efforts and position in matter would not be misunderstood as he had done his utmost to gain time and a settlement.

Minister of War informs MA that precautionary military measures have been taken Indonesia.

STEERE

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856d.00/12-1748

*Memorandum of Telephone Conversation on December 18 by the  
Director of the Office of Far Eastern Affairs (Butterworth)*<sup>1</sup>

SECRET

Upon learning of Hague's telegram no. 870, December 17, at 12:45 a. m. on December 18, I felt it my clear duty to direct the American Chargé d'Affaires a.i. at The Hague to remind the Netherlands Government, even at the last moment, of the position of this Government, should the Netherlands Government resort to force in Indonesia. I placed a telephone call for Mr. Steere at 1 a. m. from my house, since no operator answered at the Department, but was unable to reach Mr. Steere until 5 a. m.

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<sup>1</sup> Drafted on December 19.

I reminded Mr. Steere of the great urgency of the situation and of the great importance that the Department attached to a peaceful settlement of the Indonesian problem. I then reminded Mr. Steere that we had received assurances from the Netherlands Embassy within the past twenty-four hours that they would be satisfied and prepared to resume negotiations upon receipt of a statement from the Indonesian Republic to the effect that Mr. Hatta's last letter to Mr. Cochran was a formal expression of the position of the Republican Government and not merely a personal view of Prime Minister Hatta. I said that the Netherlands Government should understand that in these circumstances it seemed incredible to the Department that the Netherlands would resort to police action. I said the Netherlands Government should also know that the Department of State cannot understand Mr. Stikker's statement to the effect that Mr. Beel had taken action on his own initiative, nor could the Department understand what emergency had arisen which could justify the course of action upon which the Netherlands seems to have embarked—a self generated emergency was not a bona fide emergency.

I told Mr. Steere that the Netherlands Government should clearly understand that should it resort to force, it must accept the full consequences of that course of action on the part of the United States Government which it had set forth in its *aide-mémoire*. I told Mr. Steere lastly to remind the Netherlands Government that the situation would inevitably reach the Security Council where our course of action would follow that set forth in our *aide-mémoire*.

Mr. Steere agreed to try to see Stikker forthwith.

W. [WALTON] B[UTTERWORTH]

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501.BC Indonesia/12-1848: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET      US URGENT  
NIACT

BATAVIA, December 18, 1948—11 a. m.  
[Received December 18—10:02 a. m.]

1107. Gocus 492. I delivered to Schuurman December 18, 9:40 a. m., following letter dated Kaliurang December 17 addressed Schuurman signed Cochran.

[Here follows text printed in SC, *3rd yr., Suppl.* (Dec.), page 220.]  
Signed Cochran.<sup>1</sup>

LIVENGOOD

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<sup>1</sup>For reply by the acting chairman of the Netherlands delegation, dated Batavia, December 20, see SC, *3rd yr., Suppl.* (Dec.), p. 241. The text was transmitted in telegram 1127, December 21, noon, from Batavia (Gocus 502), and repeated in telegram 4901, December 22, 7 p. m., to Paris (for Jessup).

501.BC Indonesia/12-1848: Telegram

*The Chargé in the Netherlands (Steere) to the Secretary of State*<sup>1</sup>

SECRET

PRIORITY

THE HAGUE, December 18, 1948—3 p. m.

NIACT

[Received December 18—11:45 a. m.]

872. Reference instructions telephoned by Butterworth 11 a. m. (5 a. m. Washington) to make strong representations to Stikker pursuant to developments reported Embtel 870, December 17, I told Stikker immediately that I had instructions to see him at once. He said that he was leaving immediately to see Prime Minister and could not receive me until 1 p. m. when he would make an official statement to diplomatic representatives. I said I had representations of greatest urgency to make and desired to see him at earliest possible moment. When he still demurred I asked him whether Cabinet had taken decision. When he answered affirmatively, I asked if that meant that it was too late for Cabinet to consider any representations which I might make. Again he answered affirmatively and added that he would be glad to see me immediately after his meeting with diplomatic representatives at 1 p. m. or that I could see Lovink meanwhile if desired.

In view of Foreign Minister's statement, I have considered it inadvisable to make representations exactly as instructed since we are confronted with completely new situation. Accordingly I saw Lovink shortly before 1 o'clock and informed him I was under instructions to state that Department found incredible the action which Beel had taken in Batavia in respect both to the action itself and the reasons advanced for doing so; and to remind him that Department had indicated clearly in its *aide-mémoire* of December 6<sup>2</sup> that if Netherlands Government declined to resume negotiations and take steps which US Government considered ill-advised and unwarranted it might inevitably lead the US Government to take the measures which we set forth in the *aide-mémoire*.

Lovink took note of my remarks.

STEERE

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<sup>1</sup> Repeated to Paris (for Jessup) the same day.

<sup>2</sup> See text dated December 7, p. 531.

856d.00/12-1848: Telegram

*The Chargé in the Netherlands (Steere) to the Secretary of State*<sup>1</sup>

SECRET

THE HAGUE, December 18, 1948—8 [3] p. m.

MOST IMMEDIATE

NIACT

[Received December 18—11:48 a. m.]

873. Stikker announced at meeting starting 1:20 p. m. of diplomatic representatives Great Britain, France, Belgium, Canada and US that

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<sup>1</sup> Repeated to Paris (for Jessup) the same day.



Netherlands Government this morning had authorized HRC Indonesia to take without any further delay such measures as he considers necessary to re-establish conditions of peace and security in whole of Indonesia. Stikker handed representatives memo text which given immediately following cable. (Embtel 874, December 18, 3 p. m.<sup>2</sup>)

Stikker explained Cabinet learned 7 a. m. (deadline was 3 a. m.) that no reply from Republic could be expected, and none had been received at 1 p. m. I asked whether Soekarno had departed as expected to which he replied "no definite information about Soekarno but it was understood he had gone from Jogja to Bukittinggi" and Beel had been instructed to permit his departure if Soekarno wished to go.

Following meeting Stikker asked me see him alone, and informed me military action—"march on Jogja"—would start within 2 hours. He said "it simply had to be done" and went on to explain that his own intervention 2 months ago had staved off earlier action, and that he could no longer hold back such course. He said large numbers troops long overdue return home and morale considerations required action now if they were not to return.

Stikker stated that Cabinet decision was unanimous, and that country could therefore count upon resolute course, though he went on to say that political parties were all meeting this afternoon and it was somewhat uncertain what Labor Party would do.

Emergency bill for interim federal government will be proclaimed today. Anticipated month or 2 will be required before actually set up.

Official communiqué re above decisions to be released 7 p. m. Hague time. Other diplomatic representatives being advised this afternoon.

Pass other Departments concerned. Sent Department 873; Department pass Batavia.

STEERE

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<sup>2</sup> Not printed; it quoted the Netherlands memorandum printed in SC, 3rd yr., Suppl. (Dec.), p. 229.

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501.BC Indonesia/12-1848: Telegram

*The Consul General at Batavia (Lirengood) to the Secretary of State*<sup>1</sup>

SECRET      US URGENT  
NIACT

BATAVIA, December 18, 1948—3 p. m.  
[Received December 18—1:27 p. m.]

1108. Gocus 493. Reference Netherlands reply to Hatta letter. Not cabling this to Department since Usgoc 247<sup>2</sup> indicates receipt text

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<sup>1</sup> Repeated to Paris (for Jessup) the same day.

<sup>2</sup> Telegram 663, December 16, p. 568.

from Netherlands Embassy. Should be noted message to me had appended ultimatum reproduced paragraph 9 Gocus 492<sup>3</sup> giving my answer to Schuurman. After receiving Schuurman message in Kaliurang, I gave copy thereof to Hatta. As result character Netherlands message, I obtained Hatta's approval, following consultation with Roem, to have his letter December 13 to me introduced into GOC.

It was agreed with GOC colleagues that reply to Schuurman should be made by me in my name. Necessary answer was prepared by USDel Friday night.<sup>4</sup> I left Kaliurang 6 and arrived Batavia 9:30 this morning. I delivered letter to Schuurman at 9:40 a. m. At Kaliurang today Lisle will introduce Hatta letter, Schuurman message and my reply in GOC meeting attended by Critchley and Herremans. We prepared draft of supplementary report from GOC to be telegraphed to SC Paris as soon as Saturday's GOC meeting approves it. It will quote foregoing 3 documents as pertinent to GOC efforts achieve resumption negotiations.

Text of report aside from documents will be cabled Department.

Considering Netherlands attitude revealed in latest communication from Schuurman, GOC felt text of 3 communications exchanged should be placed in its record and published through SC soonest. We share opinion expressed in last paragraph Usgoc 247 that public opinion toward Netherlands Indonesian policy may be affected by revelation this correspondence showing such difference of attitude of two parties. Although we did not know Kaliurang last night whether SC decision of December 17 would be to take up Indonesian question this month, we preferred have this correspondence on record and published.

Schuurman lamely excused to me this morning his confusing messages of yesterday and fixation of time limit. He said I must admit his government had been patient. I told him his communications to GOC and to me at Kaliurang had not supported this contention. When he read my reply he asked me what Hatta had said. I told him my letter was my complete answer. Schuurman said he would not have called on me for this last task unless he had thought I could bring back reply which was required from Hatta "to clarify certain points in his letter of December 13". I told him I was as anxious as ever to help his government achieve peaceful settlement and was sure that I could aid them materially toward this end if they would be reasonable and enter bona fide negotiations. When he insisted that their past approach to me had been reasonable, I told him that it was

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<sup>3</sup> Telegram 1107, December 18, p. 572.

<sup>4</sup> December 17.

asking a lot of me to expect I could between hours of 4:30 p. m. and 6 a. m., obtain complete capitulation from sick Prime Minister on mountainside in Repub separated from his cabinet and advisors by torrential rains, bad roads and almost no transportation. I said there had been serious doubt in my mind as to whether I should even deliver Hatta such document as that received, to say nothing of endeavoring extract from Hatta and Repub in few hours basic settlement which Schuurman and his mission had failed obtain.

Again Schuurman argued that I had accomplished a lot at Jogja in few hours on December 13 when I procured Hatta's first letter. I said circumstances had been much different. I had gone there with definite approach and accompanied by Supomo and Darmasetiawan who helped assemble responsible officials of government and complete task. Schuurman definitely displeased because I had no reply committing Hatta on last Netherlands demand. I told him I would remain in Batavia until Monday going over my correspondence and then return to GOC Headquarters at Kaliurang.

Believe Netherlands reply to Hatta approach and these recent messages from Hague indicate loss of temper and balance by Netherlands Government that is likely lose them their cause. I wish Stikker and his colleagues could be assured of my continuing and genuine interest in seeing them achieve a peaceful settlement and of my distress over their present rash attitude. The more adamant and threatening Netherlands Government becomes in demanding Repub capitulation without recourse to GOC, the more guarded I shall have to become in handling or meeting their unreasonable ultimata and running their erratic errands. I have not intervened as Sukarno planned departure Sunday for proposed visit to Nehru, accompanied by Foreign Minister, Natsir, Indian Consul Jogja and 10 others (Hague's 864<sup>5</sup>). Neither do I intend [go] to Bukittinggi (Hague December 16).

Since dictating foregoing received Usgoc 248<sup>6</sup> suggesting that Netherlands was instructing NethDel Batavia amplify or explain sense of Netherlands reply to Hatta letter. I have at no time received any explanation other than text of communication under reference, unless I might include Schuurman's weak arguments made this morning after I handed him my reply. Signed Cochran.

LIVENGOOD

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<sup>5</sup> December 16, not printed.

<sup>6</sup> Telegram 665, December 17, p. 569.



501.BC Indonesia/12-1848 : Telegram

*The Acting Secretary of State to the Acting United States Representative at the United Nations (Jessup) at Paris*<sup>1</sup>

SECRET

US URGENT

WASHINGTON, December 18, 1948—3 p. m.

NIACT

4861. For Jessup. Deptel 4827, Dec. 16.<sup>2</sup> Tone of Dutch reply to Hatta letter of Dec 13 and statement made by Dutch FonOff to diplomatic reps of UK, France, Canada, Belgium and US reported Hague's 870 Dec 17 make obvious that Neth Govt has made up its mind to form interim Govt in Indonesia without the republic; in fact, unconfirmed press reports reaching us this morning state BIO decree has already been promulgated.<sup>3</sup>

Furthermore AmEmbassy Hague reports that Stikker told our Chargé following meeting with diplomatic reps at 1:20 p. m. that milit operations including march on Jogjakarta would commence within 2 hours. Faced with this situation it will be necessary for SC to meet in emergency session to deal with what may prove to be a grave threat to internatl peace and security. Embassy Paris should immediately consult with UN reps of Belgium and Australia, our partners on GOC, expressing this Govt's belief that Council should promptly meet and inquiring if other GOC Govts share this belief. If so, it would seem appropriate for Australia, Belgium and US jointly to call for emergency council session tomorrow; however, if Belgian or Australian reps are unable to associate themselves with us in this undertaking, Embassy acting in Jessup's name should request president of SC to call emergency meeting further to consider Indonesian problem in light of recent events and of concluding para last GOC report. However, every reasonable effort should be made to avoid our having to take unilateral action in convoking council session.

When council meets it would be our thought that US rep would express concern of this Govt over resumption of fighting in Indonesia in violation of council's cease-fire order. We do not propose at this time to be specific as to course of action which this Govt would advocate

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<sup>1</sup> Repeated as 669, Usgoc 250, to Batavia; 668 to Brussels, 646 to The Hague, 4703 to London, 280 to Canberra, and 153 to Ottawa.

<sup>2</sup> Telegram 663, December 16, p. 568.

<sup>3</sup> Telegram 875, December 18, from The Hague (received at 3:02 p. m.), quoted the communiqué issued by the Netherlands Foreign Office announcing promulgation of the interim government of Indonesia under authority of the emergency bill Indonesia (856d.00/12-1848). For text, see SC, 3rd yr., Suppl. (Dec.), p. 251.

upon breach of cease-fire order. Main objective of tomorrow's meeting would be instant warning to the parties that hostilities must cease. However, Jessup is authorized on a top secret basis to inquire of other council members view of their Govts as to possible action council should take, including action under Chapter 7. In response to inquiry, Jessup is authorized to state privately that this Govt is undertaking a top level review of policy and its charter commitments, including consideration of Chapter 7 action.

Turn of events makes obvious fact that GOC has not succeeded in its endeavor and Jessup should privately make clear to other council members and to Secretariat that this Govt. does not intend to continue to participate as member of an organ whose best efforts have met with frustration. We shall, of course, as we told Netherlands Govt in *aide-mémoire* of Dec 7, support GOC plan in principle; however, it seems certain that there is no chance of acceptance of GOC plan by Netherlands, to say nothing of its securing 7 affirmative votes in SC. Should plan not be voted by SC, or should it be rejected by one or both parties, we shall have no other course than to withdraw from GOC.

This decision would not, however, preclude U.S. remaining as member of GOC long enough to make report to SC on facts of this present situation, particularly military situation.

LOVETT

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501.BC Indonesia/12-1848

*Memorandum of Conversation, by the Director of the Office of Far Eastern Affairs (Butterworth)*

SECRET

[WASHINGTON,] December 18, 1948. [5 p. m.]

Mr. Helb called at his request to make official delivery of the attached memorandum.<sup>1</sup> He explained that were it not Saturday and were Mr. Lovett not so overburdened Mr. van Kleffens would have sought to make delivery of this note to Mr. Lovett.

Mr. Helb continued to say, upon instructions of his Government, that the Netherlands wished to express its gratitude to the members of the GOC for their persevering efforts to contribute to the solution of the Indonesian problem and that his Government, his Ambassador and he himself wished to express special appreciation of the efforts of Mr. Cochran and of the officers of the Department of State to achieve a settlement.

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<sup>1</sup> Dated December 18; for text, see SC, 3rd yr., *Suppl.* (Dec.), p. 229. Mr. Lacy was present.

Addressing himself to the subject matter of the memorandum which he handed me, Mr. Helb said that he thought it important that he draw my particular attention to the fact that the Netherlands Government had been influenced in its decision not to resume negotiations by 2 developments:

(1) The fact that Soekarno and several members of his Cabinet had left Jogjakarta, thus making further communications with that Government of an official character impossible.

(2) The statement by the Indonesian Republic to the effect that it would not reply to the last Netherland response to Mr. Hatta's letter of December 16.

I pointed out that, as regards Soekarno, our information was that neither the Dutch Government nor this Government then knew whether he was in fact still in the Indies or not; that, as regards the second statement, a similar assertion had been made by Mr. Lovink to Mr. Steere and the other Chiefs of Mission yesterday afternoon and that Mr. Boon of the Netherland Foreign Office had subsequently called up Mr. Steere to apprise him of the fact that this statement had been made on misinformation and that in fact the broadcast from the Republic had not said what Mr. Lovink thought it had said.

Since Mr. Helb had seen fit not merely to leave these communications but to enter into a discussion I could not let him leave without any indication of the reaction of this Government to the Netherlands' resort to force. I told him that, although I was not authorized to define officially to him my Government's reaction, I felt I could not but say that in my view by the action the Netherlands Government had taken—and I could say this to him, since neither he nor his Ambassador were regarded as architects in this design—and by the manner in which the Netherlands Government had seen fit to bring it to pass the Netherlands as a responsible member of the Atlantic community had done itself a grave disservice and in so doing had done one to the Christian nations. Mr. Helb said, "I share your grief." I said that very unhappy times were in store for many and I read him the following paragraph from The Hague's *Niact* 873, December 18, 8[3] p. m.:

"Following meeting Stikker asked me see him alone, and informed me military action—'march on Jogja' would start within 2 hours. He said 'it simply had to be done' and went on to explain that his own intervention 2 months ago had staved off earlier action, and that he could no longer hold back such course. He said large numbers troops long overdue return home and morale considerations required action now if they were not to return."



501.BC Indonesia/12-1848 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET US URGENT

BATAVIA, December 18, 1948—7 p. m.  
[Received December 18—10:54 a. m.]

1109. Gocus 494. Re paragraph 2 Gocus 493.<sup>2</sup> GOC Secretariat Batavia received telegraphically from GOC Kaliurang this afternoon following text almost verbatim as drafted last night.

[Here follows text of supplementary report by the GOC at Kaliurang, December 18, printed in SC, *3rd yr., Suppl.* (Dec.), page 215.]

"5. At special meeting of GOC held in Kaliurang at 10 a. m. on 18 December the deputy of USRep introduced above 3 documents in GOC as documents bearing on status of negotiations. GOC decided to submit documents with a statement of attendant circumstances in form of a special report to SC supplementing the special report of 12 Dec. 1948 in order keep members of SC currently informed at critical time".

Secretariat Batavia will despatch foregoing text telegraphically to SC Paris tonight with covering message of transmission. Report also being made available two parties with request any comments be telegraphed direct SC. Signed Cochran.

LIVENGOOD

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<sup>1</sup> Repeated to Paris (for Jessup) on the same day.

<sup>2</sup> Telegram 1108, December 18, p. 574.

501.BC Indonesia/12-1848 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET US URGENT

BATAVIA, December 18, 1948—midnight.  
[Received December 18—9:47 p. m.]

1111. Gocus 496. Schuurman called me to his office and handed me 11:30 p. m. December 18 following letter No. 398, dated Batavia 18 December addressed chairman GOC signed Schuurman:

"I have honor to refer to numerous letters to GOC from Netherlands delegation concerning violations of truce agreement, comprehensive list of which is appended, and furthermore to my letter[s] of 11 and 16 December 1948 and memorandum attached to latter.

From above-mentioned documents and evidence in support thereof submitted to your committee it is abundantly clear that truce agreement between Government of Netherlands and Government of Republic of Indonesia signed 17 January 1948 and truce regulations are not being observed by Government of Republic of Indonesia.

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<sup>1</sup> Repeated to Paris (for Jessup) presumably the same day.

Netherlands Government is reluctantly compelled to notify your committee, according to provision of Article 10 of truce agreement that for this reason the said agreement should be terminated and it [is] considered as no longer binding as from Sunday 19 December 1948, 0000 hours Batavia time.

Republican Government has been informed accordingly." <sup>2</sup>

Schuurman said he would probably have another announcement to hand me on Sunday. Presumably this may be on setting up of interim government, news of which just came through press channels. I will telegraph above announcement to GOC Kaliurang when telegraph office opens Sunday, 9 a. m. Schuurman promised keep me advised. Said he saw no reason for withdrawing GOC from Kaliurang. Signed Cochran.

LIVENGOOD

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<sup>2</sup> The text is printed in SC, *3rd yr., Suppl.* (Dec.), p. 224. Telegram 876, December 18, from The Hague (received at 10:46 p. m.), reported: "Foreign Office information officer told press representatives 11:20 tonight in answer to question that military operations had started in Indonesia." (S56d.00/12-1848)

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501.BC Indonesia/12-1848: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

SECRET      US URGENT      BATAVIA, December 18 [19], 1948—1 p. m.  
NIACT

1114. Gocus 497. Schuurman telephoned 7:45 a. m. December 19. Requested I call 8:30 to receive documentation. At 8:40 Schuurman handed me, as GOC official, copy statement dated Batavia December 19 reviewing Indonesian situation and announcing decision Netherlands Government taken thereon. Schuurman said this document available diplomatic missions Hague evening December 18.<sup>1</sup> Cabling text Gocus 498.<sup>2</sup> Same time Schuurman handed me copy radio speech made by Beel 8 a. m. today.<sup>3</sup> Cabled as Gocus 499.<sup>4</sup>

Schuurman confirmed telegraphic communication with Republic cut. Said Netherlands forces already crossed into Republic. Said there would be no clearances granted planes for takeoff Jogja today or until further notice. This included GOC plane. I sought assurance GOC group Kaliurang would be safeguarded. He said Beel, Spoor and he had consulted on this and every proper measure would be taken. Let me know military forces hoped occupy Jogja quickly. Said his people would assume responsibility for evacuation GOC group when condi-

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<sup>1</sup> For text, see SC, *3rd yr., Suppl.* (Dec.), p. 229.

<sup>2</sup> Telegram 1115, December 19, not printed.

<sup>3</sup> For text, see SC, *3rd yr., Suppl.* (Dec.), p. 289.

<sup>4</sup> Telegram 1116, December 19, not printed.

tions permit presumably by air from Jogja. In answer my expressed concern lest airfield Jogja be destroyed by Republic, Schuurman said doubted this and thought situation perhaps already in hand. (Press representatives say Netherlands forces occupied Jogja airfield early morning.) Schuurman promised keep me informed constantly on matters pertinent GOC, explaining this responsibility definitely lodged in him.

I said Sudjono informed me midnight he had received letter similar mine in regard termination truce. I asked if Schuurman had taken any steps get this letter directly to Republic since telegraphic communications cut. Schuurman said giving it to Sudjono was best he could do. (Will Department please note Article 10 of truce agreement this point.) I told Schuurman understood Darmasetiawan arrested 3 a. m. He said most Republic leaders picked up except Supomo. I said Supomo phoned wanting see me. Was I free to see him? Schuurman said proper GOC have contact with Supomo.

Speaking informally before departure asked Schuurman what GOC could to [*do*] now. Schuurman said had intimation from Hague NethDel would be liquidated.

Conferred 9 a. m. with Naryanan and Australian deputy Cutts. Latter came from Kaliurang with me. I filed with Naryanan officially Schuurman's letter re termination truce and two documents received from Schuurman this morning. Instructed Naryanan attempt file telegram to GOC Kaliurang transmitting text truce letter. (This was refused at 10:30 a. m. by telegraph office with statement no telegraphic communication with Kaliurang and Jogja.) Also agreed on preparation telegraphic report SC Paris on which we three will work.

Received Supomo 9:30. He said Sudjono arrested shortly after he telephoned me in night. Supomo is only principal Republic representative now at liberty in Batavia. Said Netherlands confiscated RepubDel headquarters Batavia 1 a. m. today with all files including GOC material. Supomo had been unable communicate truce letter text Jogja.

Conferred with Colonel Mayer. I told him Schuurman assumed responsibility for evacuation GOC from Kaliurang when conditions permit. I did not favor attempting send GOC plane Jogja until situation clarified lest GOC personnel trying reach there would be subjected more danger than remaining Kaliurang for present. Prefer keep in touch with Schuurman leaving responsibility on Netherlands but insisting on utilization GOC plane if situation warrants. Conferred with Livengood who shares my views. I told Mayer keep in touch with Netherlands military authorities re safeguarding GOC group Kaliurang. Of USDel group Raymond Lisle and Valetta Batchelder are at Kaliurang, Roberta McKay and I Batavia.



UP correspondent informed me 10:15 that Voice of Free Indonesia still broadcasting from Republic and started at 8:45 carrying following message every few minutes: "GOC wired SC calling for immediate action and gave Cochran full power to act on behalf of GOC."

Understand Indian plane intended for transportation Sukarno and party from Jogja to India due Batavia 11 a. m. today. Schuurman said it would not be permitted proceed Jogja. No word as to whether Sukarno may have already departed. Signed Cochran.

Sent Department niact 1114; Department pass Paris for Jessup, Hague.<sup>5</sup>

LIVENGOOD

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<sup>5</sup> This was done the same day.

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501.BC Indonesia/12-1948

*Memorandum of Conversation, by the Assistant Chief of the Division of Southeast Asian Affairs (Lacy)*

SECRET

[WASHINGTON,] December 19, 1948.

Mr. van Kleffens requested Mr. Lovett to receive him during the course of the day in order that he might make delivery of an official communication from his Government to the Government of the United States. Mr. Lovett being unable to do so, arrangements were made for Mr. Helb to make official presentation for Mr. van Kleffens to Mr. Lacy, acting for Mr. Lovett.

Mr. Helb arrived at 12:30 p. m. He said that his Government had learned from the Netherlands delegation at Paris that the United States Government proposed to take the initiative in calling the Security Council into session to consider the Indonesian situation. He said that he fully realized that the Security Council would consider the Indonesian question in the very near future and it was not to the Security Council's consideration of the matter that he, acting upon his Government's instructions, wished to address his remarks. He said his Government was concerned at the effect on Dutch public opinion of the United States taking the initiative in this matter and he expressed his hope on behalf of his Government that perhaps the United States Government, instead of acting alone, might associate itself with other powers who were similarly concerned that the Security Council consider this matter at the earliest possible moment.

Mr. Helb was reminded of this Government's unalterable opposition to police action and of the fact that, since our position in this matter was well known to every member of the United Nations, the United

States could hardly fail to respond to the obvious moral pressures which had resulted from the Dutch resort to force. Mr. Helb was further advised that the United States delegation at Paris had already been instructed to associate itself with those other powers which shared the concern of this Government that the Security Council consider the matter at the earliest possible moment but that if no power would so associate itself, the United States delegate was to ask the Council to convene. Mr. Helb was also told that although the Australian Government was prepared to associate itself with the United States Government in this matter, the Belgian Government had expressed itself on December 18 as unwilling to do so.

Mr. Helb was informed that he had made official delivery of his message.

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501.BC Indonesia/12-1948 : Telegram

*The Acting Secretary of State to the Acting United States Representative at the United Nations (Jessup) at Paris*<sup>1</sup>

SECRET      US URGENT      WASHINGTON, December 19, 1948—5 p. m.

4864. For Jessup: Australian Amb Makin called at 1 p. m. Dec 19 his request, Dept officers deputizing for acting Sec. Makin expressed his Govt's deep concern gravity Indo situation commenting Dutch police action strong condemnatory terms. Dept officers replied US Govt took most serious view situation; agreed Neth Govt had acted in face of determined GOC efforts find peaceful solution; that we had instructed US Del Paris advise with Aus and Bel reprs to end that SC be convened on Indo situation as soon as possible by three GOC Govts; that we had been informed Belg was not able associate itself in this manner but that at that time Belg Govt had not been advised of Dutch police action; that we considered SC meeting possible by Monday. Referring to telephone conversation with Dept officer previous evening, Aus Counselor said he had advised Canberra instruct Aus repr Paris contact Jessup immediately in order be advised US Govt's efforts in Indo situation during recent weeks.

Makin, stating his Govt was considering application economic sanctions under Chapter 7, expressed hope US Govt could do likewise. Makin was informed of difficulties attaching to such action on part US Govt but was informed we were considering these measures.

Makin expressed satisfaction US Govt's reaction to situation and present position.

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<sup>1</sup> Repeated as 671 (Usgoc 251) to Batavia, 1670 to Brussels, and 647 to The Hague.

At 3:25 pm Dec 19, Aus Counselor advised Dept officer Aus Govt was instructing its delegation Paris (a) actively to associate itself with US Del in calling SC meeting; (b) to advocate (1) cease fire order, (2) implementation all recommendations GOC, (3) application of pressures under Art 41 against party deemed responsible for violation cease fire order.

LOVETT

501.BC Indonesia/12-1948: Telegram

*The Acting Secretary of State to the Acting United States Representative at the United Nations (Jessup) at Paris*

SECRET US URGENT WASHINGTON, December 19, 1948—5 p. m.  
NIACT

4865. For Jessup: We understand SC will meet tomorrow consider Indo crisis. Please be guided at this meeting by following considerations:

1. We do not desire US assume a position of outstanding and solitary leadership in dealing with this case. As indicated in Deptel Niac 4861,<sup>1</sup> we preferred you associate yourself with reprs Australia and Belgium even in convoking emergency session. Similarly, we desire action taken by Council be sponsored by as many govts in concert as possible rather than that US as so often in past be out in front.

2. Subject foregoing consideration, we suggest tomorrow you call attention Council to para 10 of report sent SC by Cochran of USDel and Cutts of AusDel<sup>2</sup> (Gocus 500 Dec 19 from Batavia rptd Paris).<sup>3</sup> This para 10 reads as follows: "Committee calls upon SC to consider on basis of utmost urgency outbreak of hostilities in Indonesia in violation of *Renville* truce agreement signed by Govts of Neth and Repub of Indonesia on 17 Jan 1948".

3. You should say that in response Committee's call Council must now consider its course of action in view outbreak hostilities in Indonesia. Obvious first requirement on Council is to call on parties desist from further hostilities and a resolution in this sense should be offered, preferably as indicated in section one above in association with other govts.

4. Council's next step should be to request GOC return full report re outbreak hostilities with its assessment responsibility therefor.

<sup>1</sup> December 18, p. 577.

<sup>2</sup> For text dated December 19, see SC, 3rd yr., Suppl. (Dec.), p. 224.

<sup>3</sup> Telegram 1117, *infra*.



Upon receipt this report SC will then be in position determine its succeeding course of action.

Rptd Brussels, Canberra, Ottawa, London, The Hague, Batavia.<sup>4</sup>  
LOVETT

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<sup>4</sup> As 1671, 281, 154, 4706, 648, and 672 (Usgoc 252), respectively. In telegram 5310, December 20, 6 p. m., from London, the Embassy reported the British Foreign Secretary "expressed desire to go along with US in every way possible but who was opposed to sanctions." (856d.00/12-2048)

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501.BC Indonesia/12-1948: Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET      US URGENT  
NIACT

BATAVIA, December 19, 1948—6 p. m.  
[Received December 19—11:24 a. m.]

1117. Gocus 500. Reference paragraph 5 Gocus 497.<sup>2</sup> Following report dated Batavia December 19 telegraphed SC Paris signed by Cochran USDel and Cutts AusDel:

[Here follows text of report printed in SC, *3rd yr., Suppl.* (Dec.), page 224.] Signed Cochran.<sup>3</sup>

LIVENGOOD

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<sup>1</sup> Repeated to Paris (for Jessup) the same day.

<sup>2</sup> Telegram 1114, December 19, p. 581.

<sup>3</sup> In reply to a telegram from the Security Council on December 20, the G.O.C. sent a report dated December 21; for text, see SC, *3rd yr., Suppl.* (Dec.), p. 287. The text was transmitted to the Department in telegram 1133, December 21 (received 5:31 p. m.), not printed.

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501.BC Indonesia/12-1948: Telegram

*The Ambassador in France (Caffery) to the Secretary of State*<sup>1</sup>

SECRET      URGENT

PARIS, December 19, 1948.  
[Received December 19—10 p. m.]

6368. Van Langenhove unwilling to associate his government with request for SC meeting. Hodgson (Australia) readily agreed to join in request and stated he would comment on Belgian failure to do so. Van Langenhove as SC President advised of Australia-US request about 10 a. m. local time and following letter delivered to him at 12 noon. Secretariat and SC President have some doubt about quorum and feel it unlikely Russians will be present. (See our Embtel 6349 of December 18.<sup>2</sup>) Following is text joint request for meeting:

"Reports have come to my government emanating from Netherlands Government and Indonesian Republican sources that military operations commenced on Saturday, December 18, in Indonesia.

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<sup>1</sup> Repeated in telegram 673, December 20, 2 a. m. (Usgoc 253), to Batavia, and as 1672 to Brussels, 282 to Canberra, and 649 to The Hague.

<sup>2</sup> Not printed.

Under the instructions of my government, I therefore request an emergency meeting of the Security Council further to consider the Indonesian question in the light of these recent events and of the concluding paragraph (7) of the last report of the Committee of Good Offices (S/1117).<sup>3</sup> My government feels that the Security Council should meet at the earliest possible moment which I would take to be Monday, December 20.

The representative of Australia has requested me to associate his government with this request."

CAFFERY

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<sup>3</sup> Dated December 18; see SC, 3rd yr., Suppl. (Dec.), pp. 215, 216.

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501.BC Indonesia/12-2048 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET      NIACT

BATAVIA, December 20, 1948—1 a. m.  
[Received December 19—1:54 p. m.]

1118. Gocus 501. Schuurman came to me 10:15 p. m. December 19. Stated Jogja had been taken between 1 and 3 p. m. today<sup>2</sup> with only one Netherlands soldier killed. Said Sukarno, Hatta, Sjahrir, Hadji Salim, Pringgo Digdo and other governmental leaders all listed as being in Netherlands hands.

Schuurman is arranging for NethDel assistant De Ranitz proceed Jogja 7 a. m. December 20 by military plane to arrange personally evacuation by Netherlands military of GOC group from Kaliurang and on to Batavia. Hopes accomplish this by Tuesday night. I am sending letter by De Ranitz to my GOC colleagues recommending they evacuate completely and promptly to Batavia.

Schuurman mentioned that chartered airplane arrived Jogja airfield from Manila during Netherlands landing operations this morning and was detained. Said Netherlands forces bringing group of American aviators from Republic territory to Semarang and perhaps thence Batavia. Said Con Gen would be informed. Confirmed that Indian plane destined for Sumir trip arrived Batavia this morning and stopped. Signed Cochran.

Sent Department; repeat Paris for SC.

LIVENGOOD

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<sup>1</sup> Repeated to Paris on December 19, 3 p. m.

<sup>2</sup> December 19.

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501.BC Indonesia/12-2048

*Memorandum of Conversation, by the Acting Secretary of State*

SECRET

[WASHINGTON,] December 20, 1948.

I reviewed the Indonesian situation with the President in as great detail as time would permit. The President believed that we should

concern ourselves properly to label the Dutch action in this case as soon as full factual reporting was available from the Security Council's Committee of Good Offices. He felt, moreover, that we should avoid taking any action in the Security Council which would involve us subsequently, in consequence, in adopting positions which we would be unable to maintain, either through the defection of our allies or because of the inadequacy of our own facilities.

[ROBERT A.] L[OVETT]

501.BC Indonesia/12-2048: Telegram

*The Ambassador in France (Caffery) to the Secretary of State*<sup>1</sup>

URGENT

PARIS, December 20, 1948.

6374. Due to USSR, Ukraine absence, SC December 20 held informal meeting Indonesian question, agreeing begin substantive discussion present urgent situation Wednesday December 22 time to be agreed USSR. President Van Langenhove (Belgium) believed three-day notice tacitly agreed to but agreed follow Syrian suggestion that information be obtained from GOC, parties.

Jessup expressed grave concern sudden development, noting Belgian, Australian members GOC in Kaliurang held incommunicado from US member and Australian deputy Batavia. Urged Van Langenhove request Netherlands authorities give full facilities GOC members to communicate, meet, report to SC.

China wanted immediate presentation available information perhaps by US, others, but Van Langenhove forestalled this noting impossible since provisional agenda not adopted. Latter also agreed Jessup's suggestion for Wednesday meeting as early in day as possible with specific communication to Russians explaining urgency of situation.<sup>2</sup>

CAFFERY

<sup>1</sup> Repeated in telegram 653, December 20, 8 p. m., to The Hague, and as 678 to Batavia.

<sup>2</sup> For resumption of discussion on Indonesia in the United Nations Security Council, see SC, *3rd yr.*, no. 131 (December 20), pp. 1-8; for beginning of formal discussion, see *ibid.*, no. 132 (December 22), pp. 1 ff. For Mr. Jessup's statement introducing a draft resolution, see *ibid.*, pp. 42-49; for text of draft resolution, December 22, see *ibid.*, *Suppl.* (Dec.), document S/1142, p. 294. Mr. Jessup's statement is also printed in Department of State *Bulletin*, January 2, 1949, pp. 24-27.



S56d.00/12-2048

*Memorandum of Conversation, by the Acting Secretary of State*

CONFIDENTIAL

[WASHINGTON,] December 20, 1948.

Participants: Mr. Norman J. O. Makin, Australian Ambassador  
Mr. R. L. Harry, First Secretary of the Australian Embassy  
Mr. Robert A. Lovett, Acting Secretary of State  
Mr. Charles S. Reed II, Chief, SEA

The Ambassador reviewed his conversation of December 19 with Mr. Reed and Mr. Lacy<sup>1</sup> and, in reiterating his deep concern over developments in Indonesia, stated the desire of his government to associate itself with the United States in bringing about an end to the present hostilities there. He said that the primary objectives of his government were to stop hostilities, to fix the blame for those hostilities, and to make the Netherlands forces withdraw behind the *status quo* lines. He then asked what the United States was prepared to do in this connection, mentioning that he had noted that the Security Council meeting had been postponed from Monday to Wednesday owing to the lack of a quorum in the Security Council on the first day.

I said that the United States was prepared, as a member of the United Nations, to associate itself wholeheartedly with the actions of that international body. Other than that I said that he must be aware that the United States delegate at Paris had asked that the Security Council be convened in an emergency session to consider the situation in Indonesia but that until I had further information regarding the course of events leading up to the present "police action" by the Netherlands forces the precise course of the United States could not be mapped out in clear-cut lines, although the most serious consideration was being given to this matter. In this connection I said that I would like (1) information regarding the circumstances of the ending of the truce—whether or not the Republic had been notified in fact of the Netherlands determination to end the truce, and (2) a full report by the GOC of the course of events.

At this point, as regards the desire of his government to associate itself with the United States in attempting to solve the Indonesian problem, I said I should inform him that this government could not accept the statements made in Canberra by Mr. Burton, Secretary for the Australian Ministry of External Affairs, to a representative of our Embassy there and I read to him pertinent sections of Canberra's tele-

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<sup>1</sup> See telegram 4864, December 19, p. 584.

gram no. 277, December 20.<sup>2</sup> I continued that Mr. Burton must be badly informed of what the United States Government had already done to deter the Netherlands action in Indonesia, making mention of our *aide-mémoire* to the Netherlands Government, and that Mr. Burton's attempt to place blame upon this Government was entirely unfounded in fact and unwarranted under the circumstances. The United States Government had done everything possible to avert a breaking off of negotiations in Indonesia and to prevent the outbreak of the present hostilities.

In reply to the Ambassador's inquiry as to the possibility of invoking sanctions against the Netherlands Government under Chapter VII, I pointed out that the invoking of such sanctions would be a matter for determination by the Security Council and that the United States Government is giving its most serious consideration to that action in the event that the Security Council should find that sanctions were in order. The Ambassador then inquired whether consideration had been given to the withholding of ERP aid to the Netherlands as a deterrent to further hostilities in Indonesia and to force the Netherlands to resume negotiations with the Republic under GOC auspices. To this I replied that the United States was contemplating the withholding of those ECA allotments to the Netherlands which are for the procurement of materials for Indonesia and I said that decision in this matter would shortly be reached.

As regards the GOC the Ambassador stated that he believed that the GOC could continue to serve a useful purpose by keeping on the spot a neutral body which could report upon developments.

I said that while keeping the GOC active had certain good features I felt that the GOC had been so disregarded that it appeared to me that the better course was to terminate our membership in the GOC and thus regain our freedom of action vis-à-vis the Netherlands Government, either in terms of Security Council action or independently.

In taking leave the Ambassador repeated the desire of his government to work with the United States in bringing an end to this sorry situation and in placing the blame where it belonged. I said that this government shared the same views.

[ROBERT A.] L[OVETT]

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<sup>2</sup> Not printed.

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856d.00/12-2048

*Memorandum of Conversation, by the Acting Secretary of State*<sup>1</sup>

SECRET

[WASHINGTON,] December 20, 1948.

Dr. Soemitro opened the conversation by expressing his appreciation for my willingness to receive him. He continued to say that he had

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<sup>1</sup> Mr. Lacy was present.

two requests which he wished to make of the United States Government, which he made in view of the Netherlands resort to police action in Indonesia: (a) that the United States Government would accord the Indonesian Republic both political and economic support, and (b) that the United States Government abrogate all economic assistance to the Netherlands, particularly assistance under ECA. Dr. Soemitro added that he realized that these requests would be difficult for the United States Government to meet.

I told Dr. Soemitro that I was very pleased to receive him and to discuss the Indonesian situation with complete frankness. In reply to his requests, I advised him: (a) that the United States Government profoundly regretted the turn of events in Indonesia; (b) that the United States representative on the Security Council had already requested the Council to meet in emergency session to consider events in Indonesia in the hope that hostilities could be stopped and perhaps the way prepared for some sort of conversations between the disputants. In this connection, I observed that we had learned with great regret that the USSR had seen fit to request the Security Council to postpone such a meeting for two days; and (c) that this Government would conduct itself in strict accordance with Security Council action in the matter, not only because the United States was a member of the Security Council, but also because it was the neutral member of the Security Council's Committee of Good Offices. I pointed out that it was essential that the Council meet as soon as possible, not only to direct a cease-fire order at the hostile parties, but also to request and act upon authoritative reports from the Committee of Good Offices. I said that with respect to abrogating ECA assistance, Dr. Soemitro should bear in mind that the ECA program was predicated upon an act of Congress and that changes in ECA operations must be interpreted in light of the legislation and the intent of Congress. I told him that the matter of the continuance of ECA assistance to Indonesia was receiving our most earnest consideration. I said that any discussions with Netherlands representatives on further loans of any sort would, of course, cease at once.

Dr. Soemitro asked if it were possible that the United States Government would offer a resolution invoking sanctions under Chapter Seven of the Charter. I replied that since that was a hypothetical question, I could not give an answer to it but that Mr. Jessup was discussing this, as well as related matters, with his colleagues on the Security Council. In this connection, I remarked again that it seemed to me essential that the three powers represented on the Committee of Good Offices act with unanimity in this matter. Again I assured Dr. Soemitro of the extremely serious view that my Government took of the entire situation and that he could be certain that my Government



would set its course in accordance with the facts as reported to the Security Council.

At this point the conversation became somewhat general. Dr. Soemitro remarked that he realized how difficult the position of the United States had been and was in this matter; that he expected the action of the USSR in postponing the Security Council meeting was calculated to provide an opportunity for the escape of those Communists whom his Government had imprisoned. I agreed that this was very likely, adding that it was common practice on the part of the USSR to foment and to create and maintain disturbances and violence everywhere in the world. Dr. Soemitro agreed.

I said that it sometimes seemed incredible to me that the parties had been unable to compose their differences when the rewards for cooperation in Indonesia were so great to all interested parties. I said that it was not for me to assess blame in this matter but that I rather suspected it rested pretty equally on both parties, up until these recent unfortunate developments. Dr. Soemitro agreed. He said that he realized that his Government had made great mistakes in the past and he felt most of them had arisen from a too great concern for its prestige and from a certain political hypersensitivity on the part of the Indonesian people.

Dr. Soemitro said that he felt he must continue to make appeals to the American public in whatever ways he thought appropriate. I made it very clear to him that our conversation was entirely confidential. He said he thoroughly understood the confidential character of the conversation and would not refer to it in any way in conversations with members of the press.

He handed me the attached memorandum.<sup>2</sup>

[ROBERT A.] L[OVETT]

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<sup>2</sup> Not attached to file copy.

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501.BC Indonesia/12-2048 : Telegram

*The Acting Secretary of State to the Consulate General at Batavia* <sup>1</sup>

RESTRICTED

WASHINGTON, December 20, 1948—8 p. m.

676. Usgoc 255. Following communiqué will be released for publication in US afternoon papers Tuesday Dec 21 : <sup>2</sup>

“ECA Administrator announced today that effective immediately ECA is suspending the issuance of authorizations for the procure-

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<sup>1</sup> Repeated in telegram 4883, December 21, 3 p. m., to Paris (for Jessup).

<sup>2</sup> The communiqué was announced by the Acting Secretary of State at his press conference on December 22 and issued by ECA at the same time.

ment of supplies destined to be used in Indonesia. Hitherto ECA has allotted funds for economic recovery of the Dutch-held portion of Indonesia as part of its program for assistance to the Netherlands. This policy was based on the conviction that expansion of production and exports of the many raw materials of Indonesia such as rubber, copra, palm oil, tin, petroleum, bauxite, etc. would provide a great stimulus to the recovery of not only the Netherlands, but also of Western Europe as a whole. Up to the present ECA has earmarked \$72,700,000 for Indonesia. Of this sum, \$4,100,000, represents a procurement authorization issued during the third quarter of 1948 for the purchase of copra in Indonesia on behalf of the Bizone. Against the balance of \$68,000,000 ECA has issued procurement authorizations totaling \$59,573,358. Of this amount well over half has been for textiles, rice and wheat flour which have not only provided an incentive to increased production but have directly benefited the Indonesian population. As previously indicated, no procurement authorizations have been issued for military supplies.

ECA funds can only be spent if there is reasonable assurance that their expenditure will actually contribute to economic recovery. In view of developments in Indonesia in recent days ECA considers that conditions favorable to the continuation of an effective economic assistance program do not now exist. The further commitment of ECA funds would therefore be unjustified.

This decision to suspend the Indonesian program has been concurred in by the Department of State."

LOVETT

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501.BC Indonesia/12-2148 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*<sup>1</sup>

SECRET US URGENT

BATAVIA, December 21, 1948—4 p. m.

NIACT

[Received December 21—9:49 a. m.]

1128. Gocus 503. Talked with Schuurman by phone 5:30 and 6 p. m. December 20 inquiring whether he had word from De Ranitz on safety and evacuation GOC group Kaliurang. When he replied negatively I formally requested after consultation with Colonel Mayer that permission be granted one of our military observers proceed Jogja by Netherlands plane morning December 21 provided no specific information in regard GOC group received by 7 a. m. December 21.

At 9:15 Schuurman informed me request for authority military observer proceed Jogja denied. He called on me at 10 p. m. to deliver letter transmitted in Gocus 502.<sup>2</sup> I then emphatically sought overruling of military refusal which was obtained from higher authorities at 11 p. m. Major Deckers (Belgian military observer) left Batavia

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<sup>1</sup> Repeated in telegrams 656, December 21, 9 p. m., to The Hague, and 4888 to Paris (for Jessup).

<sup>2</sup> Telegram 1127, December 21, noon; see footnote 1, p. 572.

11:30 this morning for Jogja with instructions report to US on GOC group and assist in safeguarding and evacuating them. At 11:30 this morning Schuurman told me no report yet received from De Ranitz.<sup>3</sup> At 8:15 p. m. December 20 I interviewed American citizen Frances Earle who had been evacuated by Netherlands military forces from Jogja to Batavia with George Kahin and two other Americans arriving Batavia 5 p. m. December 20. I advised her give complete story attack on Jogja, of which she eyewitness, to American correspondent. Later in evening UP correspondent, who had interviewed Kahin, told me having difficulty getting stories out through Netherlands political and military censors. Said military material restricted to official communiqués which give entirely inadequate, one-sided and false picture. Press correspondents not permitted accompany troops. With ban having been strictly enforced recent weeks against foreigners moving into Repub, and with foreigners such as Earle and Kahin now being removed, little likelihood of firsthand information reaching outside world as to actual situation in Repub. At 8:30 today I interviewed Kahin and sent him to Colonel Mayer. Signed Cochran.

LIVENGOOD

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<sup>3</sup> Telegram 1145, December 22, from Batavia (Gocus 510), reported the entire GOC group at Kaliurang had arrived safely at Batavia that evening.

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856d.00/12-2148

*Memorandum of Conversation, by the Acting Secretary of State*

SECRET

[WASHINGTON,] December 21, 1948.

Participants: Mr. E. N. van Kleffens, Netherlands Ambassador  
 Mr. Robert A. Lovett, Acting Secretary of State  
 Mr. F. E. Nolting, Jr., NOE  
 Mr. W. S. B. Lacy, SEA

Mr. van Kleffens called at his request stating that he wished to bring me up to date on the course of events in Indonesia. He said that Netherlands forces had occupied Jogjakarta and that reports to the effect that the Republic had retaken that city were untrue. He said that Netherlands forces had reached Tjepoe and Solo; that he had no reports on the Netherlands advance in Sumatra.

I asked about the report that the Cabinet of East Indonesia had resigned. Mr. van Kleffens replied that this was true but that the Cabinet of East Indonesia had resigned not in protest to Dutch military action but in order to remain on good terms with the Indonesian Republic, with whom they realized they would presently be associated.



Mr. van Kleffens then asked me to explain "how things stand" at Paris. I said that the state of affairs in Paris was not yet clear to me and that I was aware that a good many press reports were of a confusing character. I told Mr. van Kleffens, however, that I considered that the United States could take no other course than to support a resolution which would call on both parties to cease fire and which would also call upon the Committee of Good Offices immediately to present a full factual report to the Security Council on the latest developments. I said that I could not say at this moment what position we would take in respect of a resolution calling on both parties to return to the *status quo ante*.

Mr. van Kleffens said that he had read press reports to the effect that the United States representatives at Paris had already branded the Netherlands action as a breach of the peace. He said that his Government had always taken the position that the Indonesian problem was an internal affair to the Netherlands and that the United Nations was incompetent to deal with it. He went on to say that his Government had accepted the Committee of Good Offices voluntarily as a matter of serving their membership in the United Nations and that a breach of the peace was, therefore, excluded by definition. I said I was aware of the Netherlands Government's position in this matter and that I did not propose to address myself to that at this time. I said I presumed he agreed, however, that it was altogether desirable for both parties to state fully their side of the question and for the Committee of Good Offices to submit a full factual report.<sup>1</sup> Mr. van Kleffens appeared to assent.

Mr. van Kleffens said that he had the impression that some critical observers felt that Netherlands military action had been bungled at the outset, in the public relations sense. I said I certainly thought it had; that from information we had received, the manner in which the Netherlands had undertaken police action would not look pleasant for the Netherlands when it was spread on the record. Mr. van Kleffens said that, in his opinion, no matter how the action had been undertaken, the United States Government would one day be glad that the Netherlands had taken this course of action since it would have brought to an end the several years of disquiet and violence and would have created conditions under which a sovereign United States of Indonesia, including the Republic, could be called into being.

[ROBERT A.] L[OVETT]

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<sup>1</sup> GOC report dated December 22 to the Security Council, see SC, 3rd yr., Suppl. (Dec.), p. 295; the text was transmitted in telegram 1147, December 23, Gocus 511, from Batavia. For GOC report dated December 23 to the Security Council, see *ibid.*, p. 297; this text was transmitted in telegram 1150, December 23, Gocus 512, from Batavia. (501.BC Indonesia/12-2348)

856d.00/12-2148 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*<sup>1</sup>

SECRET

PRIORITY

THE HAGUE, December 21, 1948—7 p. m.

NIACT

890. Have had detailed conversation with Minister Stikker and gained distinct impression that Hatta and Stikker could have made working agreement if full cooperation could have been obtained by either or both from their associates. Think Stikker still has full confidence Hatta and feels that eventually and ere long a new government will emerge in Indonesian Republic headed by Hatta and other conservative elements, and that principal result of present action will be elimination of hotheads and obstructionists so that genuinely democratic government can emerge there which will be able to co-operate with federalists and make it possible for Republican interim government to be formed along lines already indicated by Netherlands authorities.

Stikker says military phase of operation rapidly approaching completion and practically no opposition being encountered. In his opinion, one week will see end of police action and elimination those elements now opposing a political agreement which will be workable. Stikker reiterated his Cabinet and Chamber are of one mind, that no other practical recourse left but the present action, which they deplore under the circumstances, but they saw no other course open to Netherlands if they were to maintain their integrity and their duty towards Indonesian people. Their decision was reached only after much painstaking thought and in light of their over 300 years experience in Indonesia. He wished to impress on me theirs was not Jekyll and Hyde government having one face in Europe and another in Indonesia, that they expected and fully intended to carry out all of their promises to Indonesian people and fulfill their duties to civilization and maintain faith at same time with Netherlands traditions and ideals of justice, democracy, integrity and freedom which are as dear to them now as they had ever been.

I gained distinct impression that for them die was cast and that neither economic nor any pressures short of superior military force would deter them from course of action decided upon. It is possible that within short time we may be confronted with *fait accompli* if the expectations of this government are realized and practically blindless elimination of the unruly elements in Indonesia is achieved and Hatta emerges as the head of new government with full support of Dutch

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<sup>1</sup> Repeated in telegram 689, December 23, 6 p. m., to Batavia.

and Indonesians of Republic area. It is my conclusion that this may be the motivating influence behind present police action.<sup>2</sup>

Sent Department 890; repeated Paris 94 for Jessup.

BARUCH

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<sup>2</sup> In telegram 892, December 21, 8 p. m., from The Hague, Ambassador Baruch added: "I feel I must state my conviction that Netherlands are irretrievably committed to present course of action." In telegram 2190, December 21, 7 p. m., from Brussels, Ambassador Kirk reported a talk with Premier Spaak and said: "If further operations should proceed as rapidly and as successfully as had initial stages, Spaak said it was possible satisfactory ultimate solution might be reached." Then he stated his belief that Premier Spaak felt "any action under Chapter 7 should be approached with extreme caution." The foregoing two telegrams were repeated in telegram 684, December 22, 7 p. m., to Batavia. (501.BC Indonesia/12-2148)

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501.BC Indonesia/12-2348 : Telegram

*The Acting Secretary of State to the Acting United States Representative at the United Nations (Jessup) at Paris*<sup>1</sup>

TOP SECRET      US URGENT      WASHINGTON, December 23, 1948—7 p. m.  
NIACT

4914. Eyes only for Jessup from Rusk: Following summary US attitude SC action Indonesia based on discussions here since my arrival Tues.<sup>2</sup> You should consider this telegram as authoritative background but not as substitute or modification specific instructions you have recd. Background is furnished assist you interpreting and applying specific instructions. Regret pressure of time and unfortunate interruption communications left our staff telecon with unsatisfactory conclusion.

### *I. General Considerations*

(a) Dutch action Indonesia brings into sharp conflict number important US national interests. On one hand we are deeply interested in political and economic stability Western European countries and solidarity Western Europe as whole. On other hand we have long established policy favoring rapid development non-self-governing people toward self-govt and independence and estab in so-called colonial areas of govts based upon consent and agreement peoples concerned. In particular case Indonesian question latter interest is now reinforced by policy supporting peaceful settlement and by obligations all members UN to act in support both of Charter and of SC when latter is acting to maintain peace.

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<sup>1</sup> Repeated as 690 to Batavia (eyes only for Cochran) and 663 to The Hague (eyes only for Baruch).

<sup>2</sup> December 21.



(b) Dutch action Indonesia appears to us as direct encouragement to spread of Communism in Southern Asia and as serious blow to prospect of development self-govt in that area under moderate national elements. Dutch handling Indonesian situation has been lamentable whether we consider effect on Dutch themselves, effect on their future relationships with Indonesia, jeopardy thereby presented to US co-operation Western Europe on such matters as ERP and Atlantic Pact, or on UN system for maintenance peace. We have no desire to condone or wink at Dutch action Indonesia.

(c) US must act in good faith as member UN and particularly as permanent member SC, in support UN action to maintain peace. This does not mean that US can or should assume responsibilities of SC itself if other leading members that body are unable or unwilling to act in concert. As for the other permanent members, Soviet Union will not act in support of Charter to speed genuine settlement of Indonesian question, whatever its short range attitude on specific issues or resolutions might be. China is under present circumstances totally incapable of sharing responsibility SC action and can contribute nothing but a voice and a vote at the Council table itself. Neither UK nor France is apparently willing to act jointly with other members with the speed and decision required to bring quick solution to Indonesian situation. US cannot accept role world policeman either in military or political sense if other permanent members refuse to join in SC action as envisaged by the Charter and SC therefore unable to act. Certainly US did not bargain for such unilateral role when it signed Charter. Assumption that permanent members acting in concert could maintain the peace in usual case by sheer weight of influence and pressure is one thing: assumption breaks down if US is only permanent member willing or able to act. For SC to move on basis of seven votes among which US is only one both able and willing to act would involve US national commitments which we have neither the inclination nor the resources to undertake.

(d) US has no intention bringing about general break with Dutch over Indonesian question. For us to insist upon full compliance with highest standard of conduct as price of our association with other govts and peoples would lead us quickly into position of not too splendid isolation. On that basis we might have already broken with Russia (Berlin, Korea, etc.), Albania (Greece), Yugoslavia (Greece), Bulgaria (Greece), France (Indo-China), UK (Palestine), Arab States (Palestine), India (Kashmir and Hyderabad), Pakistan (Kashmir), South Africa and so on down the list. In same way others might have in fact broken with us. We must pursue our basic objectives under whatever conditions we find, shaping such conditions to extent we can.

We must avoid putting ourselves in such a position that any wrong committed anywhere in world and left unpunished constitutes diplomatic defeat and humiliation for US. For this reason we must make every possible effort to obtain concerted action in such situations, particularly among all permanent members SC.

## II. *Specific US Objectives re SC Action Indonesia*

(a) US wishes to secure through SC action Indonesia a cessation of hostilities, a restoration of *status quo ante* recent military action and a bona fide effort by Dutch and Indonesians to settle political future Indonesia by peaceful means.

(b) Unless Dutch are bluffing, they have made it clear that they will not accept SC action along above lines. It also seems clear that the SC will not undertake program of sanctions against Dutch in connection Indonesian question. In these circumstances in absence strong assistance from at least UK and France, Dept believes we should seek following secondary objectives from SC action:

(1) Clear and full exposition of course of events in Indonesia in order that full force of world public opinion can be thrown behind peaceful settlement.

(2) Creation of public pressures on Dutch which might lead now or later to modification their present attitude.

(3) Creation of pressure on other members SC especially UK and France to get them to exert maximum influence on behalf peaceful settlement to save themselves from direct embarrassment.

(4) Demonstration to Asiatic peoples of US interest in development self-government that area and disclosure of strenuous efforts already made by US to settle Indonesian question on peaceful and democratic lines.

(5) Specific assignment to Netherlands of full responsibility for undertaking fresh police action.

(6) Maintenance of SC interest in case in such way as to facilitate any useful action SC might be able to take as situation develops.

## III. *In seeking above primary and secondary objectives, you should bear in mind following specific factors:*

(a) US does not intend to propose or support sanctions against the Netherlands in Europe.

(b) In principle US is prepared to support certain types of sanctions applicable to Dutch and Indonesia. There are serious practical difficulties, however, in devising measures which would affect the situation in Indonesia, by timely pressures on the Dutch. As minimum we must be certain that US is not supporting either directly or indirectly Dutch military action in Indonesia. This problem would be covered by specific instructions.

(c) If Dutch persist in police action in defiance SC resolution, US believes that full responsibilities therefor should be assigned to Dutch. We do not exclude a condemnatory SC resolution following Dutch defiance of joint resolution introduced by you on Wed.

(d) For reasons indicated earlier, US must seek maximum degree joint action in SC.

(e) US should also use its influence to insure that SC action on Indonesia is directly related to factual situation as reflected in information available to the Council.

(f) Every possible effort should be made, consistent with our own basic objectives, to obtain Brit and Fr support and thereby three-power pressure on Neth.

IV. *Specific comments on points your Niact 6412<sup>3</sup> not already covered:*

(a) Telecon referred to penalty action by states separately as alternative to SC action because we believe that certain states will in fact take penalty action and we do not believe that 7 votes in SC will support sanctions.

(b) Dept agrees unequivocally that Neth is at fault in resuming military action. That in itself does not decide what we do about a country which is at fault in such situations.

(c) Your analysis effect Dutch action in Far East and relationship to struggle against Communism is fully concurred in.

(d) We do not wish to "espouse" the Indonesian case as such, altho I realize you did not attach great importance to particular word "espousal". We are pursuing our own interests and policies, as they appear both outside and inside framework UN. Today pursuit of our policy may make us critical of Dutch; tomorrow pursuit of same policy in different circumstances may make us equally critical of Indonesians.

(e) We agree we should be forthright and not evasive and believe that your excellent opening statement to SC qualifies as forthright statement. However, as a nation with very great responsibilities in all parts of the world, we must act with caution. Otherwise, we would have become involved in a series of armed actions on cases arising before UN.

V. *If this attempt to clarify general attitude here does not succeed in doing so, please come back at me because it is of the greatest importance that we keep together on this extremely complicated question.*

Take care of yourself [etc.] [Rusk.]

LOVETT

<sup>3</sup> December 22, 5 p. m., from Paris, not printed.



501.BC Indonesia/12-2348 : Telegram

*The Acting Secretary of State to the Acting United States Representative at the United Nations (Jessup) at Paris*<sup>1</sup>

TOP SECRET      US URGENT      WASHINGTON, December 23, 1948—7 p. m.  
NIACT

4915. For Jessup: Answers questions raised your niact 6425:<sup>2</sup>

(a) We cannot tell other delegations what we may or may not do in event SC passes your joint resolution and Dutch defy it. US attitude will depend upon whether Dutch in fact do defy it, if so on what basis, and particularly upon attitude other members Council. US responsibility is same as other members Council; we doubt that members asking preview our plans have themselves faced question what they will be prepared to do. We do not agree passage of joint resolution by SC would be futile; certainly it would not approach the futility of no resolution at all since it would clarify responsibility and mobilize public opinion in support of Charter. We cannot buy votes on such resolutions by pledging unilateral US action consequent upon such resolutions. Other SC members have equal obligation to use their imagination, political influence and resources to keep the peace.

(b) Dept believes GOC should remain Indonesia until situation is further clarified and future both Indonesian problem and GOC itself can be determined, although, as stated in our *aide-mémoire*,<sup>3</sup> it is our desire to dissociate ourselves from GOC if and when we believe we have made our full contribution to solution of problem.

(c) Indonesian case has been discussed in preliminary way with both Brit and Fr but further conversations are anticipated. Result thus far has been disappointing in so far as any serious UK and Fr assistance in settling Indonesian question is concerned.

(d) Believe you should proceed with your plans to sail on *America* Dec. 30. Present prospect is that Austin will be available Lake Success Jan. 3, if not we can make emergency arrangement for another rep. We definitely will not call upon you to fly to NY for early SC meeting and insist that you take a short rest which a boat trip might afford.

LOVETT

<sup>1</sup> Repeated in telegrams 701, December 28, 3 p. m., to Batavia, and 286, December 28, 8 p. m., to Canberra.

<sup>2</sup> December 23, 10 p. m., not printed.

<sup>3</sup> December 7, p. 531.

501.BC Indonesia/12-2448

*Memorandum of Conversation, by the Acting Secretary of State*

SECRET

[WASHINGTON,] December 24, 1948.

Participants: Sir Oliver Franks, British Ambassador  
Mr. Robert A. Lovett, Acting Secretary  
Mr. W. S. B. Lacy, SEA

Sir Oliver called at his request. Speaking from two telegrams from Mr. Bevin, one of which I saw, Sir Oliver informed me that Mr. Bevin had instructed the United Kingdom delegate on the Security Council to support the resolution offered by the United States representative in the Indonesian case. Mr. Bevin was concerned that the United States understand that in so doing he was not committing his Government to any further steps in the matter, particularly the application of sanctions to the Netherlands, an act which he considered would require a great deal of study. Sir Oliver was concerned to advise Mr. Bevin as to the extent to which the views of my Government coincided with his.

I told the British Ambassador that we regarded the Dutch action in this matter as a deliberate affront to the United Nations and that we felt constitutionally obligated to take the steps which we had taken in the matter. I pointed out that it was our hope that reasonable and moderate measures taken immediately would reduce pressure upon us to take more extreme measures ultimately, measures such as sanctions, which I felt the Security Council would very likely not accept. I pointed out that there had been great pressure upon the Department to suspend all ECA assistance both to Indonesia and to metropolitan Holland and that our action in suspending allocations to Indonesia might possibly reduce the pressure to suspend allocations to Holland.

I reviewed for the British Ambassador the efforts which the United States Government had made both as a member of the Committee of Good Offices and otherwise to bring the Netherlands and the Indonesian Republic into some degree of agreement and I reminded him that the difficult character of our position was due to three things: (a) our essentially neutral membership on the Committee of Good Offices, (b) our obligations to the United Nations and its Charter, and (c) our great concern with the North Atlantic arrangements. Sir Oliver said he fully understood the difficult character of our position.

I suggested to the British Ambassador that the Government of the United Kingdom might care to advise the Australian Government of its views and that some caution and moderation and regard for ultimate steps were called for in the present situation. I added that Australia had not always been particularly cooperative in Indonesia, in

Korea, or in Greece. The British Ambassador said that his Government had found the Australians no less irritating.

[ROBERT A.] L[OVETT]

501.BC Indonesia/12-2448 : Telegram

*The Acting Secretary of State to the Embassy in the United Kingdom* <sup>1</sup>

SECRET US URGENT WASHINGTON, December 24, 1948—2 p. m.

4755. Request you see For Sec and make known following views re Indonesian case :

US considers resolution just passed by SC <sup>2</sup> as decision of SC which all members of UN are obligated to support. We consider it important that the Netherlands abide by this Council decision ; otherwise, Netherlands action could have most serious effect upon solidarity Western Europe and upon US public opinion with respect to cooperation with Western Europe. In order to avoid these serious consequences, we believe US, UK and France should make strongest representations to the Netherlands to comply with Council resolution and that such representations should be made if possible before Netherlands announces its attitude toward resolution. Please report reaction as matter urgency.

LOVETT

<sup>1</sup> Repeated as 4920 to Paris, 666 to The Hague, and 694 to Batavia (for Cochran).

<sup>2</sup> For the voting on the proposed resolution and its amendment, see SC, 3rd yr., no. 134 (December 24), pp. 28-36 ; voting followed on other proposals.

501.BC Indonesia/12-2448 : Telegram

*The Acting Secretary of State to the Acting United States Representative at the United Nations (Jessup) at Paris*

SECRET WASHINGTON, December 24, 1948—2 p. m.

4925. For Jessup. In respect of Dutch reliance on Article 2(7) of Charter to assert that SC has no competence to deal with Indonesian case, and Dutch request that this issue be referred to ICJ, Dept believes you might make statement based on following points if occasion arises :

(a) US in past has stated its firm conviction that SC is competent to deal with Indonesian case as Council has been doing in past 18 months, and US continues to hold this view unhesitatingly ;

(b) SC has itself acted on the basis that Article 2(7) is no bar in the Indonesian case, and indeed Council long ago rejected Dutch proposal for reference to ICJ ;



(c) However, in view of Dutch renewal of their proposal for a Court opinion and expressed willingness to abide by Court's conclusion, US is prepared to support a request to the ICJ for an advisory opinion;

(d) Naturally US would insist that such reference not prevent or delay necessary SC action in the Indonesian case at the present time, and that reference should be made only when hostilities have ceased, *status quo ante* has been restored, and the methods of peaceful settlement enjoined by the Charter are again being employed effectively and in good faith.

LOVETT

501.BC Indonesia/12-2448 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

SECRET      US URGENT      THE HAGUE, December 24, 1948—11 p. m.

907. Boon, Foreign Office, indicated to Embassy officer tonight that SC action was not "unsatisfactory" to Netherlands and that Netherlands Government would be as conciliatory as possible in its reaction to SC resolution. He said Netherlands would probably reply to SC on Monday, December 27, by which time he thought military action as such would be completed. Boon, who was obviously relieved by SC action in eliminating withdrawal clause, was nonetheless at pains to emphasize Netherlands serious concern about sharpness world reaction.

Sent Department 907, repeated Paris 101 for Jessup.

BARUCH

501.BC Indonesia/12-2548 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

US URGENT

BATAVIA, December 25, 1948.

1157. Gocus 513. Following letter Dec. 25, signed three GOC representatives, addressed and delivered Schuurman this noon:

[Here follows text printed in SC, *3rd yr., Suppl.* (Dec.), page 305.]

Communication in similar terms addressed and delivered to Secretary General Republic Delegation Sudjono<sup>1</sup> who was released from custody afternoon 24. Signed Cochran.

LIVENGOOD

<sup>1</sup> For text, see SC, *3rd yr., Suppl.* (Dec.), page 306. For 6th GOC report to SC, telegraphed "around 4 a. m. morning 26th" (transmitted in telegram 1158, December 26, Gocus 514, from Batavia, not printed), see *ibid.*, document S/1156, p. 307. The Netherlands and Indonesian replies to the GOC letters of December 25 are printed *ibid.*, p. 309, as part of the report.

501.BC Indonesia/12-2548 : Telegram

*The Chargé in the United Kingdom (Holmes) to the Secretary of State*<sup>1</sup>

SECRET

LONDON, December 25, 1948—3 p. m.

5370. From Dickover:<sup>2</sup> ReDeptel 4755.<sup>3</sup> Unable contact Bevin this Christmas morning but saw Paul Grey who stated:

(1) that British have been informed both in The Hague and London that Dutch will not accept SC resolution re withdrawing forces;

(2) that British Embassy Hague has been instructed urge Dutch Government not make blank refusal of resolution but make conciliatory reply and remove immediately obstructions to functioning of GOC;

(3) that Bevin thinks that Dutch should announce as soon as possible concrete and bold plan for pacific settlement of dispute, including elections, establishment interim government and fixing definite date for transfer sovereignty;

(4) that Foreign Office doubts advisability pressing Dutch too hard in view of their well known obstinacy;

(5) that British [government?] has never given Dutch impression of sympathy with them but sees no necessity of ramming head against brick wall and prefers constructive approach;

(6) that not only Western Union will suffer by clash between Dutch and other nations but relations between East Asia and Western Powers will be strained;

(7) that will try to obtain decision on point raised in Deptel under reference with greatest urgency. Probably more later.<sup>4</sup>

HOLMES

<sup>1</sup> Repeated in telegram 703, December 29, 1 p. m., to Batavia (Usgoc 266) and 4960 to Paris (for Jessup).

<sup>2</sup> Erle R. Dickover, Counselor of Embassy.

<sup>3</sup> December 24, p. 603.

<sup>4</sup> Telegram 5392, December 29, 5 p. m., from London, stated that the British probably could not support a request to the International Court of Justice for an advisory opinion. (501.BC Indonesia/12-2948)

501.BC Indonesia/12-2648 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

SECRET

US URGENT

THE HAGUE, December 26, 1948—6 p. m.

NIACT

909. British colleague<sup>1</sup> cooperating fully and Stikker has outlined to him reply Van Royen will make tomorrow about as follows:<sup>2</sup> military action completed within 48 hours with minimum of losses.

<sup>1</sup> Sir Philip Nichols, British Ambassador.

<sup>2</sup> For statement by the Netherlands representative on December 27 at the Security Council meeting in Paris, see SC, 3rd yr., no. 135 (December 27), p. 1.

Outstanding result will be elimination of radical elements and consolidation of well intentioned Indonesians both within and without Republic who have been terrorized and could not express themselves before for fear of reprisals which now removed. Already marked diminution incidents and raids by Republic, that Republic leaders will be free to move about on condition that no agitation or political activity for present; that Dutch wish to proceed forthwith with formation interim government and USI at as early date as possible. FonMin fully alive to grave threat to solidarity of western Europe presented by present situation and greatly deplores same but can do nothing immediately to relieve. Has issued peremptory orders to Beel in Batavia to give full liberty of access and travel to GOC military observers and members of commission.

You will understand difficulty of effective foreign representation in Hague under present circumstances where FonMin and PriMin, both of whom aware of serious implications of stubborn Dutch attitude, are in minority position in cabinet re concession to world opinion, while Catholic ministers who are recalcitrant and not much concerned about such opinion are relatively inaccessible. British colleague and I are in close consultation this problem; efforts so far made are not encouraging but will be continued.

Sent Department 909; repeated Paris for Jessup 103.

BARUCH

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501.BC Indonesia/12-2648 : Telegram

*The Acting Secretary of State to the Embassy in France*

SECRET      US URGENT      WASHINGTON, December 26, 1948—11 p. m.  
 NIACT

4931. For Jessup and Caffery: Next following telegram gives text of *Aide-Mémoire* which Netherlands Counselor Helb left with McClintock this evening.<sup>1</sup> He especially requested that this document be sent to you before SC meeting tomorrow. When questioned if *Aide-Mémoire* had been given to other Govts represented on SC Helb surmised that it may have been left "with our friends on the Council". He excluded USSR from this description.

Helb was instructed to say orally with ref to final para of *Aide-Mémoire* that his Govt reserved right to review its position with respect to continuing functions of GOC, depending upon further action by SC and trend of developments in Indonesia. When questioned as to

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<sup>1</sup> Telegram 4932, December 26, 11 p. m., to Paris (for Jessup and Caffery), not printed: the text was similar to the statement made December 27 to the Security Council (SC, 3rd yr., no. 135, pp. 2-3).



intent of final para, he said that it meant that military observers would be free to witness events subject only to measures ordered for their personal safety. McClintock inquired if they could go to Bukittinggi. Answer was "yes", subject to foregoing condition.

Position taken by you before SC was sustained in conversation with Helb, who patently indicated his Govt's hope that military operations would soon end; and based his case in last analysis on trust that most Indonesians would not respond actively to present hostilities. Re fifth para *Aide-Mémoire* Helb said in response to question that it meant Neth Govt would permit present leaders of Republic to participate in elections and eventual USI. He added private opinion that his Govt would welcome participation of Hatta in a "moderate" Republican Govt.

When queried if Netherlands would agree to cease fire and withdrawal to *status quo ante* lines while question of domestic jurisdiction was referred to ICJ, Helb said that withdrawal issue had already been dealt with negatively by SC. He did say twice that if issue were put to ICJ and opinion was unfavorable to Netherlands case his Govt would unhesitatingly abide by opinion of Court, whose venue in Hague meant a great deal to many Dutchmen.

General impression of interview was that Dutch are hopeful they have passed over international danger point but are not sure. Dept representative told Dutch Counselor that this Govt's response would be made known in Security Council; not privately here.

Repeated Usgoc 261, Batavia 696, Hague 670, London 4760, Brussels 1689, Ottawa 157.

LOVETT

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501.BC Indonesia/12-2748 : Telegram

*The Ambassador in France (Caffery) to the Secretary of State*<sup>1</sup>

SECRET      US URGENT  
NIACT

PARIS, December 27, 1948—7 p. m.

6466. From Jessup: Netherlands statement on SC resolution not satisfactory to us or other members of SC. Absence of any reference to release of Soekarno and others particularly noticeable. Ukrainian resolution calling for Dutch troop withdrawal got 5 votes; we abstaining. Soviet resolution ordered Dutch military operations cease within 24 hours got 4 votes; we abstaining. Syria, Colombia, China ready for some strong condemnation which Australia and India are urging.

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<sup>1</sup> Repeated in telegram 700, December 28, 2 p. m., to Batavia (Usgoc 263).

Following Colombia draft resolution will probably be voted on at meeting tomorrow afternoon.<sup>2</sup>

"The Security Council

Requests the consular representatives in Batavia to which refers paragraph 5 of the resolution adopted at the 194th meeting of the Council to send as soon as possible for the information and guidance of the SC a complete report on the situation in the Republic of Indonesia. Such report to cover the observance of the cease-fire orders and the conditions prevailing in areas under military occupation or from which armed forces now in occupation may be withdrawn."

General impression naturally is that Dutch are getting away with it. Believe some further SC resolutions called for. Should appreciate Department's instructions.

CAFFERY

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<sup>2</sup> For text as adopted December 28, see SC, 3rd yr., Suppl. (Dec.), p. 319.

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501.BC Indonesia/12-2748 : Telegram

*The Acting Secretary of State to the Acting United States Representative at the United Nations (Jessup) at Paris*<sup>1</sup>

SECRET US URGENT WASHINGTON, December 27, 1948—11 p. m.  
NIACT

4943. For Jessup: Reur niact 6466, Dec. 27. Colombian resolution appears to Dept as pointless and confusing in view fact GOC assisted by mil observers reporting on situation to Council. We therefore believe you should abstain on Colombian resolution unless there are overriding considerations not known to Dept. We agree, however, some further SC resolution may be useful and for your private info and not to be used as yet in discussions we are considering on urgent basis possibility offering resolution containing recommendations along lines basic proposals of US draft agreement. While further SC attempts to reverse present military situation are unlikely to be effective, we feel there is still opportunity to make constructive proposals for settlement with chance of success.

Further instructions will be forthcoming.

LOVETT

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<sup>1</sup> Repeated in telegram 700, December 28, 2 p. m., to Batavia.

501.BC Indonesia/12-2748

*Memorandum by Mr. Soemitro Djojohadikoesoemo to the Acting Secretary of State*

NEW YORK, December 27, 1948.

The Acting Head of the Indonesian Delegation pays his compliments to the Honorable Acting Secretary of State and has the honor to convey the following:

1) We herewith express our deep appreciation for the course taken by the United States Government with regard to the armed conflict in Indonesia. The United States Delegation to the Security Council, together with those of Syria and Colombia, submitted a resolution which called on the Dutch to cease hostilities forthwith and to withdraw their troops to the lines they previously held prior to their armed attack against the Republic of Indonesia on December 18. The views upheld by the United States Delegation in the recent emergency session of the Security Council which was to cope with the Indonesian situation were based on justice and a sense of fair play. It is only on such principles indeed that wise statesmanship, especially in its international aspects, can prevail.

It is most regrettable that the position taken by the United States Delegation has not been shared by a sufficient number of the distinguished members of the Security Council. Instead the Security Council has issued a resolution which is not only inadequate but which tends perhaps unwillingly to make the position of the victim of armed aggression and brutal force even worse. We feel it our duty to bring to the attention of the United States Government and to make it aware of the potential dangers of the present situation resulting from the Security Council's recent action or failure of action to halt an armed aggression.

2) We do not know to what extent the distinguished members of the Security Council realize how utterly damaging their action or failure of action has been to the authority and prestige of the United Nations organization as a body to settle international conflicts as well as to the validity of international agreements. We feel sure, however, that the Security Council's decision to issue only a "cease-fire" order and its refusal to compel the Dutch to withdraw their troops to pre-attack lines has been a great disappointment to the people of the world at large. It has brought a considerable amount of disillusion in the hearts and minds of the people of an entire continent—that part of the world called Asia. It has made the Asian countries realize that one



of its brother-nations can be invaded by a foreign power without fear on the part of the aggressor that it will be halted by world action after it has gained territory from its victims. Recent signs for a solidification of the bloc of Southeast Asian countries are in themselves a warning of things to come.

3) As we submitted in our previous memorandum, the Republic of Indonesia has always looked upon the United Nations as a just mediator to bring about peace and justice in our country. Yet, despite the fact that here is a plain case of armed aggression, despite the fact that the United Nations' own Good Offices Committee has expressed no doubt whatever as to which party committed a breach of peace, the Security Council has issued a resolution which under the circumstances can only be to the disadvantage of the Republic of Indonesia—the victim of armed aggression.

In terms of modern equipment, the Republic's means of defense are inadequate as compared with the Netherlands' land, sea and air forces. It would be sheer folly on our part to put up a frontal defense. The only logical thing to do is to resort to a guerilla warfare which we can continue, I feel sure, for years to come. In view of the only type of defense—guerilla warfare—available to us, the Security Council's order to cease fire is clearly and obviously to the advantage of the Netherlands troops. Even so, the Netherlands authorities have already given proof of their defiance of the United Nations' order. It is their purpose to continue to occupy enough positions in our country in order to put before the world a *fait accompli*. The Security Council's decision bears the danger of legalizing future Dutch action against Indonesian armies fighting a guerilla war to defend our inalienable right to freedom and independence.

It might be the intention of the Dutch, while at the moment continuing their military campaign in defiance of the United Nations, to profess a nominal "cease-fire" at some future date, after having taken sufficient positions in our territory. But on our part the struggle has only begun. Our guerilla defense will have started on a substantial scale at that possible future date of nominal Dutch "cease-fire". The Dutch then would have a so-called legal pretext to indulge in so-called "mopping-up" operations against so-called "unlawful terrorists".

Let it therefore not be said in the future that the Indonesians are people of lawless extremists and terrorists. The truth is that it will be a case of firm determination on the part of freedom-loving people to defend what they consider their birth-right—independence and freedom from a foreign colonial yoke.

4) The Netherlands Authorities thus far have also failed to comply with the Security Council's order to release immediately the President and other top leaders of the Republic of Indonesia.

5) We note that the Netherlands authorities, to excuse their treacherous attack against the Republic of Indonesia, have once again resorted to the argument that their act was a "containment of communism".

It might be recalled that more than two months ago, our government put down a communist uprising in less than three weeks time. What further proof does a government need to contradict the Dutch misrepresentation of facts?

We wish to reiterate that our government has never been, is not and will never be communist-dominated. Our government, while grimly determined to fight for freedom and independence has clearly evidenced by concrete action that it simultaneously aims at building up a community in which democracy, justice and human dignity will find a proper place.

6) In view of the Security Council's inadequacy of action to halt the aggressor in Indonesia, we therefore in the name of justice and democracy, reiterate our requests as stated in our memorandum of December 20, 1948, to the United States Government<sup>1</sup> as the guardian of international peace and justice. We are appreciative of the fact that ECA allocations to the Dutch controlled territories in Indonesia have been suspended. We feel, however, that only by a complete suspension of all ECA allocations to the Netherlands, the government of that country, having committed an act of aggression, can be brought to order.

SOEMITRO DJOJOHADIKOESOEMO  
*Acting Head of the Indonesian  
Delegation to the United Nations*

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<sup>1</sup> See memorandum of conversation, December 20.

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501.BC Indonesia/12-2848: Telegram

*The Ambassador in France (Caffery) to the Secretary of State*<sup>1</sup>

SECRET      URGENT  
NIACT

PARIS. December 28, 1948—11 a. m.

6475. From Jessup: Reurniact 4943, December 27. Believe SC situation calls for some follow-up resolution. We agree Colombian draft is badly drafted and inadequate. In our judgment it is unrealistic to assume we shall have any Netherlands declaration in SC which will satisfy those members who supported the joint resolution adopted December 24. Resolution on basic proposals for settlement as indicated unrefitel may involve too much delay in terms of instructions to dele-

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<sup>1</sup> Repeated in telegram 702, December 28, 5 p. m., to Batavia (Usgoc 265).

gates to permit action before Council recesses Thursday evening. If this is true, there will still be pressure for something to at least save the face of the SC in case of continued Dutch noncompliance. Would Department consider appropriate follow-up resolution similar to SC Indonesian resolution of August 26, 1947? <sup>2</sup> In absence of more satisfactory proposal, we may find it necessary to use discretion given in unrefteel and support Colombian resolution or modification thereof.

Have just learned from Palar that Colombian representative is planning to introduce another resolution calling for release of President Soekarno and other political prisoners within 24 hours. Although we have not yet seen draft of this, we are inclined to favor a resolution along these lines following up Paragraph (B) of joint resolution adopted December 24.<sup>3</sup> [Jessup.]

CAFFERY

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<sup>2</sup> For text of document S/521, August 25, adopted August 26, 1947, see SC, *2nd yr.*, no. 84 (August 26, 1947), footnote 1, p. 2224; for vote, see *ibid.*, p. 2232.

<sup>3</sup> Telegram 707, December 30, 1 p. m., to Batavia (Usgoc 267), reported adjournment of the Security Council until January 6 and asked for recommendations by Mr. Cochran as to "next steps". (501.BC Indonesia/12-3048)

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501.BC Indonesia/12-2848 : Telegram

*The Consul General at Batavia (Livengood) to the Secretary of State*

US URGENT

BATAVIA, December 28, 1948.

1168. Gocus 515. GOC, December 28, addressed letter to Schuurman signed Cochran, chairman, as follows:

[Here follows text of letter printed in SC, *3rd yr.*, *Suppl.* (Dec.), page 320.]

Letter to Sudjono, secretary general Republican delegation Batavia same date and signed Cochran, quoted questions posed to Netherlands delegation in above letter and asked "has situation reported in your letter 25 December changed to extent that you are now in position to furnish any information in answer to these questions?"<sup>1</sup>

Sudjono replied to chairman in letter dated 28th:

[Here follows text of reply printed *ibid.*, page 322.]

Schuurman delivered personally at 10:30 following letter dated today:

[Here follows text of reply printed *ibid.*, page 322.]

Gocus 516 <sup>2</sup> continues this message. Signed Cochran.

LIVENGOOD

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<sup>1</sup> For text of letter dated December 28, see SC, *3rd yr.*, *Suppl.* (Dec.) p. 321.

<sup>2</sup> Telegram 1169, December 29, from Batavia (received December 28, 8:27 p. m.), transmitted the GOC report dated December 29 to the Security Council in response to its resolution of December 24; for text of report, see *ibid.*, p. 319.



501.BC Indonesia/12-2948 : Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

SECRET US URGENT

THE HAGUE, December 29, 1948—4 p. m.

920. FonOff has just advised Embassy that Van Royen will announce in SC this afternoon: <sup>1</sup>

(a) That military action on Java will be terminated as of 2400 hours, December 31; in Sumatra, a few days later.

(b) That political prisoners will all be released, upon termination of hostilities, on condition they do not disturb public security.

(c) That all facilities for observation, investigation and reporting will be accorded personnel of GOC and of Consular Commission.

(d) Prime Minister Drees will himself proceed to Indonesia in very near future for purpose of assuring that Dutch program for establishment of interim government and USI is pursued with greatest diligence and good faith.

Lovink, who supplied above information, indicated that these instructions had been agreed by Cabinet only as result of extreme efforts of Prime Minister and above all Foreign Office through Stikker. Lovink intimated that information Department's 673 of December 27,<sup>2</sup> which had been handed to him yesterday, had been useful at critical moment in securing a Dutch reply that was more conciliatory than he himself had expected. Lovink went on to say that it was very much to be hoped that Dutch would with this reply secure a respite that would enable them to give proof of sincerity of Dutch intentions establish truly Indonesian Government.

Observation was made to Lovink that forthright and conciliatory reply by Netherlands to the mild and fully justifiable demand of SC was somewhat overdue, as the attitude of his government had been making it exceedingly difficult for essentially friendly nations.

BARUCH

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<sup>1</sup> For text of statement, see SC, 3rd yr., no. 137 (December 29), p. 26.

<sup>2</sup> Not printed.

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761.00/12-1748 : Airgram

*The Acting Secretary of State to the Embassy in the Soviet Union*

SECRET

WASHINGTON, December 30, 1948.

No. A-311

The Department appreciates the comments on Indonesia contained in the Embassy's telegram no. 2942 of December 17<sup>1</sup> and agrees

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<sup>1</sup> Not printed.

that the United States runs some risk in relying upon any nationalist movement in Southeast Asia to adopt a pro-Western orientation and to hold a firm anti-Communist front. The Department agrees that such movements are highly susceptible to Communist infiltration and that the dividing line between nationalist and Communist revolutionaries is often very difficult to fix in countries with a colonial background, particularly in view of conscious Communist efforts to becloud this distinction.

However, if it is to be assumed that every nationalist movement in Southeast Asia has a Communist complexion, even those which have demonstrated hostility to Communism, then logically the United States must oppose all such movements and adopt precisely that policy which Soviet propaganda accuses the United States of following, viz, rendering full support to all colonial powers engaged in the suppression of nationalist movements. Such a policy would not be politically feasible in view of our relations with the peoples of the Far East, would be impractical in terms of the ability of the metropolitan powers to maintain their position by force under all conditions and would be contrary to the convictions of the American people who have traditionally held that the political control of one people by another is justifiable only if the metropolitan power is preparing the dependent country as rapidly as possible for the exercise of full self-government. Certainly neither the American people nor the US Government would ever accept the view (so assiduously disseminated by the Cominform) that the choice confronting dependent peoples is acceptable of the *status quo* or revolt under the Red Flag.

In endeavoring to persuade the Dutch, unfortunately without success, to come to terms with the Indonesian nationalist movement, of which the Republic is the spearhead, the Department has been guided by the consideration that (1) the Republican Government contains the ablest and most vital of the Indonesian leaders, without whose cooperation no Indonesian Government would probably be able to stand on its own feet and provide effective administration and (2) the Netherlands army, while doubtless able to capture all centers of population and the main lines of communication throughout Indonesia, cannot in the opinion of neutral observers establish stability and order unilaterally owing to the capacity of Republican elements to wage guerilla war and conduct a campaign of arson, murder and intimidation of indefinite duration, resulting in a most serious bleeding of the Netherlands.

The Department has also been influenced by the lesson to be derived from the situations existing in three other countries of southeast Asia, namely :

1. In Malaya, the British with up to 50,000 troops under arms have been able to eliminate only about 500 guerillas, this in the course of an eight months campaign against a total guerilla force of only three to five thousand who are aliens and lack the support of the native population.

2. In Indochina, the French in a long pre-war police campaign of rigorous character against the nationalists succeeded in suppressing all but the toughest and best organized, among whom the Communists were preeminent. In the course of the post-war conflict, the uncompromising attitude of the French has produced systematic brutalities inevitably prompting retaliation in a vicious cycle, widening the disastrous gulf between the French and Vietnamese and simplifying the task of a trained, disciplined Communist group in consolidating its control over the Vietnamese nationalist movement. After two years of ruinous and inconclusive war (which is costing France up to 90 billion francs annually), the French are left with the choice of reconstructing and defending a genuine nationalist movement out of leaders of generally uncertain capacities and popular following or of facing the alternatives of continuing a hopeless war or abandoning Indochina altogether to the Communists. (In this connection, the Department never has been in any doubt regarding the political coloration of Ho Chi Minh.)

3. In Burma, the leadership of a now independent government has devolved upon inadequately trained and inexperienced officials who had severed completely Burma's bonds with the United Kingdom and are now unable to reconstitute these bonds from which the government might derive sufficient strength to contend successfully with fractious elements (including Communists, of course) who have plunged Burma into anarchy.

The Republic of Indonesia under Sukarno and Hatta had demonstrated an ability to provide a coherent and relatively effective administration over 30 to 50 million Indonesians for three years and had given as persuasive evidence as could be expected of their willingness to cooperate with the Netherlands in a Netherlands-Indonesian Union. It may be noted that the Republican Government was the only government in the whole Far East which had met and disposed of an all-out Communist offensive under a Moscow agent, not only without help from the Western powers but under serious handicaps imposed by one of those powers. The Republic in a three months campaign with ill-armed troops lacking transport captured or killed all the major Communist leaders and rounded up between 30 and 40 thousand troops supporting them (which have now presumably been released). The Department is inclined to give full credit to Hatta's assertion that the Communist revolt could not have been crushed had the Republic not had the support of the population or had Netherlands troops undertaken the task, since in the latter event popular support would have swung to the Communists. The Department does not deduce that the



Republic leaders are constitutionally and irrevocably opposed to Communism but only that they had acted on the belief that their interests were tied with the West.

In the course of the past few months, the Department had come to believe that the Sukarno-Hatta Government might well constitute the last bridge between the West and the Indonesian nationalists. Rather than scrap this bridge in the probably futile hope that 9 million Dutch would be able indefinitely to control 75 million Indonesians against the will of effective elements, wisdom had appeared to require that on the basis of a calculation of the obvious risks, the United States should endeavor to persuade the Netherlands to offer such concessions to the nationalist movement as would have made possible an agreement which the Republican Government would have been able, politically, to accept. An arrangement such as that toward which the Department was working would in its opinion have been of benefit to the Dutch and Indonesians alike. Such a demonstration of willingness by the Dutch to adapt their policies sympathetically to a changed situation, as the British had done in India (which is not to say that the two situations, or the solutions called for, have been entirely analogous) would have raised Dutch prestige throughout the islands and have provided a promising psychological basis for future cooperation. The concessions which the Department considered should be made by the Republic would have made it possible for Indonesia to continue to draw strength from its long established and closely knit economic ties with the Netherlands and to utilize the technical and administrative experience of the Dutch, which was deemed essential in view of the limited experience of the Indonesians themselves.

The Embassy's assumption that the maintenance of an inflexible position has been preeminently a characteristic of the Republic rather than of the Netherlands is at variance with the impression gained by our representatives in Indonesia. Moreover, the Department doubts that the free rein which the Dutch are now allowing themselves will result in a quick return to Europe of the Netherlands military contingents.

The Department must emphasize that the action taken by the Netherlands on December 18 will render infinitely more difficult of execution, if not impossible, the essential task of United States diplomacy in Southeast Asia, which is to win the confidence and support of the political movements through which the aspirations of the indigenous populations are expressed, this being in the long run the only alternative to the surrender of the whole region to Communist dictation.

LOVETT

501.BC Indonesia/12-3148 : Circular telegram

*The Acting Secretary of State to Certain Diplomatic and  
Consular Officers Abroad*<sup>1</sup>

CONFIDENTIAL

WASHINGTON, December 31, 1948—1 a. m.

Following is guidance on Indonesian situation:

Renewal war Indonesia terminates fourteen months efforts by US to bring about through its membership SC's Com Good Offices final peaceful settlement three-year-old conflict between Netherlands and Republic Indonesia. While US did not seek membership CGO and indeed accepted role only with reluctance, it has, within limitations imposed by character CGO, exerted itself to utmost achieve peaceful settlement this conflict, believing both sides and world in general had everything gain through such settlement which appeared not impossible achieve since parties already in apparent agreement on ultimate objective, namely creation sovereign United States Indonesia as partner in Neth-Indo Union.

Through assistance CGO, Neth and Repub concluded agreement aboard USS *Renville* Jan 17 establishing truce and principles to form basis for negotiation final political agreement. Owing fundamental disagreement parties on arrangements for administration Indonesia interim period prior transfer sovereignty by Neth, exacerbated by profound reciprocal mistrust, negotiations broke down in May. In June US and Australian reps CGO presented compromise plan as informal working paper, which Neth refused discuss. Hiatus in conversations then followed occasioned by Neth internal difficulties arising elections and delay in formation new govt. US rep in Sept presented second compromise plan to parties informally. Second plan like first provided for free elections, establishment of constituent assembly, representative government and early transfer of sovereignty to USI. It was designed safeguard legitimate Neth interests Indonesia, establish interim arrangements which then existing moderate Repub Govt could accept (since US considered its fall would have serious consequences) and afford basis future Neth-Indo cooperation.

Following submission second compromise plan and Communist revolt in Repub, Neth Fonmin visited Wash and was told Dept considered govt of Repub Primin Hatta, anti-Communist character of which by then demonstrated, should be strengthened, that failure negotiated settlement might have serious consequences unforeseeable dimensions and that US considered second US compromise plan, modified in such ways as parties might agree, offered constructive

<sup>1</sup> Sent to 13 posts and by airgram to all Embassies and Consulates General in the Western Hemisphere, to the Legation in New Zealand, and through Paris, Cairo, Bangkok, and Shanghai to all other diplomatic and consular posts.

solution to dispute. (This connection, see Dept press release 749 Sept 16<sup>2</sup> on occasion Communist revolt against Repub noting sincere nationalist leaders southeast Asia who originally deceived by Communist pose as champion local nationalist forces now awakening to fact nationalism in Communist-controlled states outside USSR regarded as high crime.)

In Oct, Neth accepted compromise plan as basis negotiation but only with such amendments as transformed basic character of plan. Plan formally submitted CGO Nov 10.

Meanwhile, Neth Fonmin arrived Batavia Oct 31. Following his return Nov 13 after talks with Hatta, Neth Govt considered Neth and Repub much closer agreement. Accordingly Neth cabinet delegation flew Indonesia Nov 21. After further conversations Hatta, it returned Hague Dec 5, subsequently declaring publicly Repub position critical issues made it futile expect resumption negotiations could produce results.

Dept Dec 7 delivered *aide-mémoire* to Neth urging in strongest terms resumption negotiations with Repub, pointing out US compromise plan afforded ready basis, noting disaster likely result from attempt settle dispute by force and stating US would resume freedom action in event CGO failure. In reply Dec 10, Neth stressed necessity assurances from Repub of its willingness recognize Neth sovereignty interim period particularly with respect command armed forces.

Acting on Neth reply, US rep CGO was instrumental in obtaining from Hatta Dec 13 conciliatory letter setting forth concessions Repub prepared make. In US view, letter afforded basis renewal negotiations. However, Dutch considered letter insufficient and addressed communication to CGO at Repub capital evening Dec 17 for transmission Repub requiring further concessions and a reply by following morning. US rep characterized communication as calling for Repub surrender to Neth position on every material point and informed Neth rep he could not as member CGO press Hatta reply summarily, within impossible time limit, on conditions set forth by Neth since these called for non-negotiated blanket assent which would preclude possibility bona fide negotiations rather than effect resumption. Dutch then terminated truce night Dec 18 and attacked Repub capital, violating SC resolution of Aug 1, 1947 and *Renville* agreement which called for prior notification to CGO and other party by party denouncing truce.

Dept profoundly concerned by Dutch action, manner in which action taken, and implications and complications arising therefrom. By taking actions for which moral justification difficult find, Dutch have unquestionably hurt Western cause throughout Asia, extent of damage

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<sup>2</sup> Department of State *Bulletin*, September 26, 1948, p. 410.



being as yet impossible assess, and have perhaps undone much of post-war efforts of US diplomacy southern Asia which has had as major objectives (1) prevention division world on lines Asia vs. West, and (2) winning confidence and support of political movements through which aspirations and convictions Asiatic peoples expressed. By attack on moderate Repub Govt of Sukarno and Hatta, which only govt in Far East to have met and crushed an all-out Communist offensive, Dutch may have destroyed last bridge between West and Indo nationalists and have given Communists everywhere weapon of unanswerable mass appeal.

It plain no action Dept could contemplate would effect withdrawal Neth army and reversal Neth plans. Outcome Neth action so far difficult predict. In conversation Neth reps prior renewal hostilities, Dept consistently urged Neth be guided by independent estimates situation which conceded Neth army had capacity take all centers population, which Repub would not contest, but foresaw that resort force by Neth would result guerilla war and scorched earth, perhaps eventually recaptulating Indonesia situation Indochina, where ruinous inconclusive war now entering third year with result Communists in firm control nationalist movement. Neth has maintained that elimination extremists irreconcilable factions Repub, which Neth army able quickly accomplish, would clear way for creation stable Indo Govt truly representative of characteristically peaceful Indo peoples and willing and able carry out their desire for close cooperation with Neth. Since in absence such desire, destruction on mounting scale probable in Indonesia, very likely with benefit only to Communists, Dept constrained hope Neth has appraised correctly both its own intentions and underlying sympathies Indo peoples and that rapprochement may be achieved with moderate Repub elements.

However, consensus info available Dept indicates Dutch action will at very least lead lasting bitterness and unforgiving resentment on part politically conscious Indos seriously jeopardizing Neth and Western interests Indonesia. (May be noted this connection that even govts non-Repub Indo states, in whose behalf military action said to have been undertaken. have been most backward in endorsing Neth action and two most important have resigned in consequence thereof.) Hence Dept must adjust itself to probability prolonged period subversive conflict and endeavor with such means at its disposal accomplish difficult task regaining ground Dutch action has lost us in southern Asia.

You will appreciate following aspects situation :

1. Dutch armed action against Repub taken in manner reminiscent totalitarian technique.

2. In resorting force, Dutch defied best independent judgments, and since then have failed carry out resolutions adopted by SC in Paris.

3. Dutch had every reason realize they dealing serious blow at selves and friends in Indonesia and Asia generally.

4. However, damage done and *status quo* impossible restore. Little US can do at present but fix responsibility on Dutch and make own position clear for sake US standing in Asia. See Jessup's speech in SC Dec 22<sup>3</sup> for full statement US attitude, transmitted Wire Bulletin.

5. US must endeavor keep issues clear since in future may be required take measures unpleasant to Neth.

6. Notwithstanding Neth action Indonesia, Western Union is founded inescapable realities and must go forward.

You will make above available responsible officers your staff for their guidance in conversations Neth or other officials. You will understand US Govt has taken pains in SC to ensure general appreciation its attitude and you should therefore feel no hesitancy, in any discussions *à deux* with Neth colleagues or reps other govts, recite views this govt on above lines.

LOVETT

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<sup>3</sup> See footnote 2, p. 588.

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856d.00/12-3148: Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

SECRET

PRIORITY

THE HAGUE, December 31, 1948—2 p. m.

NIACT

930. Boon, Foreign Office, last night stated informally his personal view that "Cochran is key to whole situation in Indonesia. Asked to explain on [*his*] view, he said Cochran is the one man to whose advice Hatta and kindred Repub leaders would listen at present time. He added that he could understand Cochran's discouragement, disillusionment and anti-Dutch feelings, and was aware that he was currently writing with a "poison pen", but that this did not alter his view on Cochran's importance in whole situation. Asked whether Dutch still had confidence in Cochran, he replied "Indo-Dutch—no. Likewise many in Holland" but he himself and he thought Stikker, Drees and Michiels<sup>1</sup> were most anxious for Cochran to play the role of "good officer" for which his influence, experience and talents so eminently fitted him at this critical moment.

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<sup>1</sup> Jonkheer E. Michiels van Verduynen, Netherlands Ambassador in the United Kingdom.

Boon went on to say that next few days before arrival of Drees and Michiels are of critical importance, as GOC are anxious to contact Hatta, Soekarno, and Hague fears that Cochran, in his present frame of mind, will advise Repub to keep on resisting. What Dutch most earnestly desire is to secure all the weight of his influence thrown into an effort to bring the Repub leaders, particularly Hatta, into contact with Drees and Michiels on a basis of genuine unhampered collaboration. Boon stated that Dutch were prepared to talk with Hatta on basis of his *aide-mémoire* November 10 and that they would withdraw from none of assurances they have given in course of long discussions.

From above it will be evident to Department that visit Drees and Michiels to Indonesia has as primary purpose the early setting up of interim federal government on basis including Repub territories.

Boon emphasized his remarks were entirely personal but it was obvious that he was sounding out Embassy reaction. Embassy officers listened attentively and discussed situation in general terms, and said that if Netherlands Government should have any communication to make it was most important that Netherlands intentions Indonesia, particularly immediate future, be made unmistakably clear. Boon ended by stating that, having cleared his mind, he intended discuss matter with Foreign Minister this morning.

Foreign Minister Stikker followed up on above today by informing Embassy officer that Soekarno, Hatta and colleagues would probably be set completely free few days before arrival Drees and Michiels Batavia. Netherlands Government taking this step notwithstanding their feeling there is grave danger some of Repub leaders may flee country in effort set up exile government and that certain pro-Repub personalities may seek induce these leaders oppose or refuse cooperate in Dutch undertaking to set up interim federal government. Stikker said it was Dutch intention to set up interim federal government for all of Indonesia in shortest possible time and likewise proceed with elections just soon as reasonable tranquility has been restored.

In these circumstances Stikker said his government would greatly appreciate it if U.S. Government could see its way clear to induce or instruct Cochran to contact Hatta, Soekarno *et al.* as soon as possible and use his best efforts to persuade them to listen with open minds to what Drees and Michiels have to say to them upon arrival and if possible to persuade them that it is in Indonesian interests now, as it always has been, to come to understanding with Dutch about the government for all of Indonesia.

Stikker added that not possible to state categorically that Netherlands was prepared talk Hatta on basis his *aide-mémoire* November 10 because certain clauses had been overtaken by events but that on other



hand he could state categorically that Netherlands would not withdraw from any assurances it had given during course of long discussions with Repub.

If Department should act on Netherlands suggestion,<sup>2</sup> Embassy requests careful editing any use made above message to avoid offense Cochran.

BARUCH

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<sup>2</sup> In telegram 935, December 31, 6 p. m., from The Hague, Ambassador Baruch pointed out that the Embassy "in no way associated itself" with the reason for action suggested by the Netherlands (S56d.00/12-3148).

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S56d.00/12-3148: Telegram

*The Ambassador in the Netherlands (Baruch) to the Secretary of State*

SECRET      US URGENT

THE HAGUE, December 31, 1948—5 p. m.

934. During conversation with Embassy officers referred to in Embtel 930, December 31, Boon made following additional points:

1. It is of utmost importance that Netherlands Government show imagination and take constructive measures immediately to prove to world that Holland intends to implement forthwith its statements regarding intentions to create working concern in Indonesia. Time is short and it is essential that steps be inaugurated before SC reconvenes.

2. The sending of Ambassador Michiels from London to Java may inject healthier atmosphere into prevalent political situation in Indonesia. Michiels during war was Beel's closest advisor and constantly at his elbow. Idea now is that Beel needs an injection of new blood and counsel to counteract unhealthy atmosphere now surrounding him in persons of Dutch officials in Indonesia. Michiels is about the most able and diplomatic of all Dutch Ambassadors. He is going out with no fixed orders but has been given *carte blanche* to take whatever line he feels is indicated with view to effecting conciliation in Indonesia. Michiels is flying today from London and should reach Batavia Monday.

3. Hatta is the crucial figure in working out an interim government as going concern. Netherlands Cabinet believes that Hatta in past months has been entirely sincere and anxious to effect a negotiated arrangement with Holland but that he has been hampered and blocked by extremist elements in Republic. The Dutch are therefore most anxious to win him over and get his participation in and blessing for proposed new interim government.

4. The points of difference in latest negotiations with Hatta have now been eliminated, namely question of Dutch sovereignty involving High Commissioner's powers and unified command, and Hatta has been released from TNI and extremists control.

5. Drees will leave for Batavia on Monday but details of journey are still unsettled. (British Ambassador told us yesterday his government asking permission from Pakistan and India for airplane to stop at Karachi and Calcutta.) Drees would already have been on his way but obliged to take inoculations before proceeding. He is showing great courage in this journey as he is not young and not in good health. He naturally has the backing of the Cabinet but Conservative Labor Party elements therein fear that party will "steal show" and capitalize on Drees visit and whatever action he may take in Indonesia.

In conclusion Boon remarked that Indonesia question had entered into new phase and that part to be played by personalities is of highest importance, adding that some recalcitrant figures (Dutch) would need disappear. He believed that Drees plus Michiels plus highly important cooperation of Cochran could bring about satisfactory solution for creation of a working and workable interim government with the collaboration of Hatta.

BARUCH

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501.BC Indonesia/12-3148: Telegram

*The Acting Secretary of State to the Consulate General at Batavia*

SECRET

WASHINGTON, December 31, 1948—6 p. m.

711. For Cochran. Neth Fonoff has told Amemb Hague that Drees and Michiels leaving soon for Indonesia with intention announcing Neth plan institution Interim Fed Govt popular basis including Repub territories. Emb Hague says that Stikker said

"his government would greatly appreciate it if US Govt could see its way clear to induce or instruct Cochran to contact Hatta, Soekarno *et al.* as soon as possible and use his best efforts to persuade them to listen with open minds to what Drees and Michiels have to say to them upon arrival and if possible to persuade them that it is in Indonesian interests now, as it always has been, to come to understanding with Dutch about the government for all of Indonesia. Stikker added that not possible to state categorically that Neth was prepared talk Hatta on basis his *aide-mémoire* Nov 10 because certain clauses had been overtaken by events but that on other hand he could state categorically that Neth would not withdraw from any assurances it had given during course of long discussions with Repub."

Dept's reply to Hague: <sup>1</sup>

"At first glance Neth proposal urtel 930 does not recommend itself. Dept's initial reaction this would put Cochran in position of bearing responsibility if Neth efforts obtain cooperation Hatta, Soekarno *et al.*

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<sup>1</sup> Telegram 684, December 31, 6 p. m.

failed and would raise doubts as to this Govt's position vis-à-vis Neth action in Indonesia. Emb is aware Cochran not 'Good Officer' but member GOC and that Dutch not Cochran have ready access Hatta, Soekarno for any proposals they are to make."

LOVETT



## PHILIPPINES

### COOPERATION OF THE UNITED STATES WITH THE REPUBLIC OF THE PHILIPPINES<sup>1</sup>

896.001 Roxas/4-1548 : Telegram

*The Acting Secretary of State to the Embassy in the Philippines*

US URGENT

WASHINGTON, April 15, 1948.

473. Following press statement being released by President:

"I am deeply shocked at the news of the sudden death of President Manuel Roxas of the Philippines. In his passing, the Philippine people have lost a great leader and the United States of America a true friend.

He assumed office as President when his war-ravaged country was faced with the most staggering problems. His untimely death in itself is evidence of the energy which he brought to the restoration of the Philippines and to the service of his people. The officials of this Government with whom he came in contact have been unanimous in their praise of his far-seeing vision and statesmanship. His sure leadership of the people of the Philippines and his courageous faith in his country may well serve as an inspiration to the people of all lands."

LOVETT

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<sup>1</sup> Continued from *Foreign Relations*, 1947, vol. vi, pp. 1102-1126. For the Fulbright exchange agreement signed at Manila, March 23, see Department of State *Bulletin*, April 11, 1948, p. 488; for text, see 62 Stat. (pt. 2) 1878, (pt. 2) 1895, (pt. 3) 3805. Grants under this agreement were made in August and November.

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896.001 Quirino/4-1748 : Telegram

*The Acting Secretary of State to the Embassy in the Philippines*

RESTRICTED

WASHINGTON, April 17, 1948—11 a. m.

484. For the Ambassador: As soon as practicable after Mr. Quirino<sup>1</sup> has taken oath of office as President, please give him message from President as follows "As you assume the heavy burdens of the office of President, I should like to express to you my confidence that the close and friendly relations which have always existed between the United States and the Philippines will continue. I also wish to convey to you my gratification that you are bringing to your high office the intimate knowledge of world problems with which you became familiar as Secretary of Foreign Affairs, and to assure you of my sincere desire

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<sup>1</sup> Vice President Elpidio Quirino assumed the Presidency on April 17.

that the Governments of our two countries will continue to cooperate closely in seeking solutions for those problems. Harry S. Truman".

LOVETT

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711.962/6-748 : Telegram

*The Secretary of State to the Embassy in the Philippines*

CONFIDENTIAL

WASHINGTON, June 7, 1948—6 p. m.

719. Embtel 780, May 11.<sup>1</sup> Emb requested endeavor secure definite commitment Phil Govt on date for resumption FCN Treaty negotiations.<sup>2</sup> Dept prepared, provided necessary arrangements can be made, send Dr. Robert R. Wilson latter part June to assist Emb if Quirino ready negotiate.

Dr. Wilson, Prof Pol Sci., Duke Univ., in charge Dept's commercial treaty work 1944-46, member group negotiated China treaty, 1946, participated in treaty talks with officials Phil Emb last summer, will be on Dept's commercial treaty staff June-September this year. He is one of nation's outstanding specialists international law, particularly relating treaties.

If opening Phil negotiations delayed beyond July 1, Dept planning send Wilson to Canberra and Wellington for pending negotiations. Reply soonest.<sup>3</sup>

MARSHALL

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<sup>1</sup> Not printed.

<sup>2</sup> A revised treaty draft was sent in the Department's 54, March 19, to Manila, not printed.

<sup>3</sup> An initial negotiation session was held at Manila on July 2.

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811.24596/7-148 : Telegram

*The Secretary of State to the Embassy in the Philippines*

CONFIDENTIAL

WASHINGTON, July 1, 1948—7 p. m.

835. On recommendation of Attorney General,<sup>1</sup> Dept requests you deliver following note to FonOff soonest:

"I have the honor to refer to the provisions of the Act of the United States Congress providing for the independence of the Philippines, known as the Tydings-McDuffie Act (Act of March 24, 1934, 48 Stat. 456), and specifically to Section 10(b) of that statute which authorizes and empowers the President of the United States to enter into negotiations with your Excellency's Government, not later than two years after the proclamation recognizing the independence of the Philip-

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<sup>1</sup> Tom C. Clark.

pines, for the adjustment and settlement of all questions relating to naval reservations and fueling stations of the United States in the Philippines. Although negotiations have been entered into by our Governments which resulted in the conclusion of the Base Agreement signed on March 17, 1947,<sup>2</sup> there are certain problems relating to naval reservations which will need to be the continued subject of negotiation between our Governments after July 4, 1948.

"Since the section of the United States statute referred to above would appear to require that the President of the United States enter into negotiations with your Government not later than two years after his proclamation of independence, for the adjustment and settlement of all questions relating to naval reservations and fueling stations of the United States in the Philippines, I have the honor to request that your Government construe this note and previous arrangements which have been made by our Governments regarding this subject as entering into negotiations for the settlement of all such questions."

For your information, Attorney General concerned regarding exchange notes attached base agreement re rights, titles, property in naval reservations.<sup>3</sup> If you deem advisable, you may add to first paragraph FonOff note following sentence:

"Among other matters which may continue to be the subject of negotiation, there will need to be resolved the question referred to in an exchange of notes attached to the Base Agreement reserving for subsequent settlement the question of any rights and titles held by the United States to real property in any of the bases and naval reservations."

MARSHALL

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<sup>2</sup> 61 Stat. (pt. 4) 4019.

<sup>3</sup> *Ibid.*, 4033.

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811.24596/7-1448

*Memorandum by President Truman to the Secretary of State*

WASHINGTON, July 14, 1948.

RELEASE OF THE PHILIPPINE BASES

I read your memorandum of the twelfth<sup>1</sup> with much interest.

In my conversations with President Roxas he explained to me that any needed bases would be available anywhere in the Philippines. As you know, it has been difficult to get the Military and Naval Commanders to decide just what they want. This matter ran right up to the end of the two year period in which these negotiations were to be started and I called in the Ambassadors of the Philippines and

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<sup>1</sup> Not printed; it reviewed the subject of release of bases in the Philippines and recommended "that this Department be authorized to conclude final agreements with the Philippine Government". (811.24596/7-1248)



United States and asked them to begin negotiations before the expiration of the time limit on July fourth.

I am in complete agreement with you that the bases we do not need should be returned to the Philippines without compensation and if title is not clear we should make it clear by the proper transfer. I am sure that in case of necessity we would have no trouble getting whatever Military and Naval Bases were necessary anywhere in the Philippines. I am in agreement with you that we should not negotiate on a trading basis.

HARRY S. TRUMAN

711.962/7-848 : Telegram

*The Secretary of State to the Embassy in the Philippines*

CONFIDENTIAL

WASHINGTON, July 22, 1948—7 p. m.

926. Dept seriously disturbed by wide area disagreement revealed by Embtels July 8-17<sup>1</sup> and requests American negotiators, subject Emb concurrence, make general statement re views US Govt re Treaty negotiations to Phil negotiators or, if Emb believes desirable, to Quirino.

Following conclusion US-Phil Trade Agreement,<sup>2</sup> Dept faced with question whether necessary initiate commercial treaty negotiations with Phil Govt. Although American nationals and business interests already given broad rights and protection Articles 7 and 10 para 4 trade agreement, it was nevertheless decided Dept should initiate discussions for following reasons:

(1) Considered desirable provide for long-term friendly relations. Dept considers FCN treaties are basic in relationships between countries. In view traditional ties with Phil, Dept considered it appropriate initiate negotiations with view achieving liberal and mutual basis for relationship.

(2) During period Trade Agreement, US rights protected in Philippines, but TA does not give comparable protection rights Filipinos and Philippine business interests in US. Dept felt legal basis for Phil rights in US and protection Phil interests would serve preserve and strengthen close ties between two countries.

Following agreement with Roxas preliminary discussions designed to locate possible areas disagreement carried out Washington June 10 to July 10, 1947. Thereafter Roxas agreed that formal negotiations take place Washington and informed this Govt he was authorizing Phil Emb officials proceed. In formal negotiations July 15 to Sept 3 areas disagreement revealed in previous discussions further examined.

<sup>1</sup> Not printed.

<sup>2</sup> Signed at Manila, July 4, 1946; 61 Stat. (pt. 3) 2611.

US made concessions many points. In commenting on treaty draft and report transmitted Manila by Phil negotiators Roxas told American Chargé (urtel 1231, Aug 25, 1947<sup>3</sup>) he was disturbed only by national treatment provisions re practice professions. When negotiations resumed July 2, Dept felt that talks would be limited to few outstanding matters.

In view foregoing and mutual nature proposed treaty provisions Dept surprised and discouraged by Phil objections such matters as provisions re quantitative restrictions, NT re internal taxes, NT re matters listed para 2 Art 1, and reluctance subscribe unconditional MFN.

Dept wishes emphasize:

(1) US is not asking Phil for rights it is not prepared give or rights it would not ask of other independent Govts.

(2) Proposed provisions in harmony with provisions GATT and ITO, with Phil desire attract American capital, and with international measures designed further economic development. Certain provisions objected to by Phil Govt, such as unconditional MFN and NT for internal taxes are widely accepted as standard trade agreement and treaty provisions. Dept sincerely believes that Phil repudiation essential principles international economic cooperation not in best interests Phil economic development and prosperity or friendly relations other members family nations.

US will be unable in course negotiations surrender central and internationally accepted principles such as unconditional MFN, national treatment internal taxes and sale distribution use, and provisions re quantitative restrictions though in latter case may be able present language permitting Phil take advantage GATT and ITO privileges. Although some compromises may be possible re subject matter Arts 1 and 2, US could not accept treaty with drastic revisions proposed by Phil Govt. Particularly, Dept could not in commercial treaty yield all rights national treatment commercial activities. Emb should decide whether should mention at this point inability make Art 7 Trade Agreement mutual. Telegraphing separately re Art 7.<sup>4</sup>

On some points Dept would hope that mutually acceptable formulas could be negotiated. Such matters might include mining, real property, and residence tax on foreigners. In some other cases changes could probably be worked out to accommodate Phil laws and practices without sacrificing principles involved.

Statement should conclude if Emb considers desirable with question directed to Phil representatives whether in view foregoing views there appears to be substantial hope mutually acceptable treaty can

<sup>3</sup> Not printed.

<sup>4</sup> Telegram 927, not printed.

be negotiated. If Phil answer negative and Emb does not believe further negotiations this time promising, Emb authorized suggest indefinite postponement further negotiations.

If Emb's assessment situation not so pessimistic as Dept's, and Emb does not wish take strong line of previous paragraph, it may omit question proposed and conclude statement with expression US hopes prospects successful negotiations will be strengthened by its frankness at this time.

If Emb believes useful, it might at time of statement hand memorandum along same lines.<sup>5</sup>

Hope transmit views re all specific questions to date by July 23.

MARSHALL

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<sup>6</sup> In telegram 1358, July 26, 10 a. m., from Manila, not printed. Chargé Thomas H. Lockett expressed the opinion that the moment was not propitious for presenting these views, but he would hold the contents of telegram 926 for higher level discussions.

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896.24/6-1048

*The Secretary of State to the Philippine Ambassador (Elizalde)*

The Secretary of State presents his compliments to His Excellency the Ambassador of the Philippines and has the honor to refer to the Ambassador's note of June 10, 1948<sup>1</sup> in regard to the request of the Philippine Government dated May 13, 1947<sup>2</sup> for financial assistance to its Armed Forces in the amount of \$9,440,668. The aid sought was to have supplemented Philippine outlays for food, fuel, and clothing for the Armed Forces in the twelve months preceding June 30, 1948.

Since receipt of the Embassy's note of May 13, 1947, the Chief of the Joint United States Military Advisory Group and his staff have been steadily engaged with the late President Roxas, President Quirino, and the ranking officers of the Philippine Armed Forces in attempting to develop the outlines of a future Philippine military establishment which could be regarded by all the parties concerned as appropriate and feasible. During this same period a previously undeterminable amount of arms, ammunition, and air and naval equipment was also gradually being transferred to the Armed Forces. The possibility of rendering financial assistance for food, fuel, and clothing as requested by the Philippine Government in its note of May 13, 1947 was also under consideration throughout this period. However, it is regretted that this Government was unable to include aid of this type in the total

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<sup>1</sup> Not printed.

<sup>2</sup> Not printed, but see memorandum of November 13, 1947. *Foreign Relations*, 1947, vol. VI, p. 1116.



assistance which it rendered to the Philippine Armed Forces in the fiscal year 1948. In this connection it is noted with satisfaction that the Philippine Government was itself able to meet these needs at least on a sustaining basis during the period in question.

Since longer range questions of military assistance are still under consideration by the Governments of the United States and the Philippines, the interim decision of the United States in regard to the Philippine request of May 13, 1947 was reached without prejudice to any future policy determinations which may be arrived at in this field.

WASHINGTON, July 30, 1948.

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811.24596/7-3048 : Airgram

*The Chargé in the Philippines (Lockett) to the Secretary of State*

CONFIDENTIAL

MANILA, July 30, 1948.

A-337. Text contained Deptel 836 [835] July 1 was transmitted to FonOff as Embassy note 1637, July 2. Acknowledgment dated July 27 reads as follows:

"The Department of Foreign Affairs presents its compliments to the United States Embassy and has the honor to acknowledge the receipt of the Embassy's note No. 1637 dated July 2, 1948, inviting attention to the provisions of the Act of the United States Congress providing for the independence of the Philippines known as the Tydings-McDuffie Act (Act of March 24, 1934, 48 Stat. 456), and specifically to section 10 (b) of that statute which authorizes and empowers the President of the United States to enter into negotiations with the Philippine Government, not later than two years after the proclamation recognizing the independence of the Philippines, for the adjustment and settlement of all questions relating to naval reservations and fueling stations of the United States in the Philippines.

"The subject is now under study and the Department will communicate again with the Embassy as soon as the Philippine Government is ready to enter into the negotiation."

Although the acknowledgment does not state that the Philippine Government construes the Embassy's note "and previous arrangements which have been made by our Governments regarding this subject as entering into negotiations for the settlement of all such questions", the Embassy believes that the wording of the last paragraph is of no special significance and merely represents the failure of the drafting officer concerned to grasp the purpose of the Embassy's note of July 2.

LOCKETT

S96.00/8-1848 : Telegram

*The Chargé in the Philippines (Lockett) to the Secretary of State*

CONFIDENTIAL

MANILA, August 18, 1948—2 p. m.

1548. Because of conflicting reports concerning present and immediate future policy of Philippine Government toward the Hukbalahaps, I asked President Quirino this morning if he would not be good enough to tell me what he could do concerning the situation. He said that although the legal period of the amnesty for registration of Hukbalahaps and their firearms expired August 15, Taruc<sup>1</sup> has begged him to permit the continuance of the registration. The President said quite frankly that Taruc is having difficulties in convincing some of the leaders they should surrender but that he is continuing his efforts to bring them in. The President stated he told Taruc he would grant his request and furthermore that he would instruct the constabulary not to attack or provoke concentrations of Hukbalahaps unless the latter should commit acts against the peace of the country. At this point in the conversation the President emphasized that the constabulary had definite instructions not to attack or provoke concentrations of Hukbalahaps except on instructions from him. He said that this instruction meant that for the time being at least the constabulary would not open a campaign against a concentration of Hukbalahaps or even provoke them for the purpose of trying to force them to register themselves or their arms. The President said that in case the constabulary, in performing its normal police functions, should encounter a Hukbalahap singly (as distinguished from groups) without firearms he should not be molested, but should he be bearing firearms he should be apprehended just as any other person carrying arms against the law. He stated he had given specific orders to the constabulary that any Hukbalahap encountered with his firearms who demonstrated his intention of registering should not be molested but should be permitted to register. In view of conflicting stories as to what registration of firearms involves, I queried the President on this point. He replied that it means an absolute surrender of the arms at the time of registration but that the Hukbalahap is given an opportunity at the same time to request a license to bear arms. The request for license must go through normal procedure and answer may not be given the Hukbalahap for two or three months. I informed the President I had been told a small skirmish occurred yesterday in the Mount Arayat sector during which **three Hukbalahaps** had been killed and ten captured. His look indi-

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<sup>1</sup> Luis M. Taruc, leader of the Hukbalahaps negotiating with the Philippine Government. The "Huks" during World War II were a people's anti-Japanese guerilla force which, after the war, became a peasant opposition to the Philippine Government. Taruc was regarded as a Communist.

cated he had not heard of the report but he said that in case the constabulary provoked the Hukbalahaps against his instructions he would take action against the responsible officers to insure the execution of his instructions. President Quirino stated that he had ordered disarming of private guards so that only one force would exist for the maintenance of the peace and that is the government. He added that the constabulary is now performing its normal police and protective duties, saying that he could not keep the constabulary within its barracks as such action would leave the maintenance, or disturbance of peace in the hands of dissident elements. President Quirino informed me that he now has numerous special representatives in the Hukbalahap country whose duty is to extend economic and social assistance to the Hukbalahaps. Throughout the conversation the President gave me the impression that he felt confident that his policy as outlined above will eventually be successful although his last statement on the subject was that he realizes that among the Hukbalahaps are a number of criminal persons who would prefer to continue a lawless life rather than surrender.

LOCKETT

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S96.00/9-1348 : Telegram

*The Chargé in the Philippines (Lockett) to the Secretary of State*

CONFIDENTIAL

MANILA, September 13, 1948—7 p. m.

1752. President Quirino told me today the constabulary, the army and guerrilla units are now actively in the field in a campaign against the Huks (as previously predicted by Embassy). He said his armed forces have now completely surrounded the entire area within which Taruc and his main group are supposed to be centered. President Quirino further stated Taruc had been summoned to Manila to testify before the electoral board of the House of Representatives and if he should appear he would be immediately apprehended on a charge of murder pending against him in the courts. The President emphasized Taruc has lost all benefits offered under amnesty and the tone in which he said it indicated his former friendliness toward Taruc had vanished. The President emphasized his determination to continue his amelioration program among those who would accept it. He announced that any one interfering with the amelioration program would be considered an enemy of the nation and that the armed forces are being used to protect the activities of that program. He stated Taruc and his group now in a state of rebellion had not accepted his peaceful offer and they would be dealt with accordingly. The President told me he wished to clean up the Huk rebellion before the outbreak of war in



Germany. He intended to leave within a few days for a trip to the southern islands but informed me he could not leave Manila at this time as he wished to personally supervise the military action against the Huks. He seems just as determined to conquer the Huks by military action as he was in his former effort to subdue them peacefully.

LOCKETT

711.9612/9-1748 : Telegram

*The Acting Secretary of State to the Embassy in the Philippines*

CONFIDENTIAL

WASHINGTON, September 27, 1948—6 p. m.

1190. Re para 2, Embtel 1795, Sep 17.<sup>1</sup>

1. Emb authorized confirm US intention negotiate arbitration treaty.

2. (a) In exchange notes interpreting Art. 3 conciliation treaty,<sup>2</sup> to be considered part such treaty, Dept prefers no reference negotiation arbitration treaty, deeming reference extraneous.

(b) Consider unnecessary formal exchange notes agreeing negotiation arbitration treaty. This would constitute agreement without substantive provisions.

3. Dept study draft arbitration treaty under way. Upon completion draft and clearance will transmit for Emb consideration.

LOVETT

<sup>1</sup> Not printed.

<sup>2</sup> Signed at Manila, November 16, 1946; for text, see Department of State *Bulletin*, February 9, 1947, p. 254.

896.20/9-2248 : Telegram

*The Acting Secretary of State to the Embassy in the Philippines*

SECRET

WASHINGTON, October 2, 1948—noon.

1221. Unless you perceive objection please deliver Pres Quirino soon as practicable *aide-mémoire* (Inst 388 Jun 11, 1947, Embtel 1021 Jul 4, 1947 and WAR 88563 Aug 31, 1948 to CINCFE<sup>1</sup>) reading substantially as follows:

"In view of the long-standing US policy not to employ bodies of troops comprising nationals of other countries and of the status of the Republic of the Philippines as a sovereign and independent state, a careful study has been made by my Government in recent months as to the future status of the Philippine Scouts. It has been decided that as a general rule members of the organization who are not US citizens will not be re-enlisted upon the expiration of their terms of enlistment.

None printed.

While the US Govt feels that it has no obligation to retain the majority of Scouts, it does feel that it has an obligation with respect to those whose membership in that body extends back to the pre-war period. My Government will offer to Scouts in the latter category as well as to the Scouts who are American citizens an opportunity to enlist in the Regular Army of the US if they so desire.

The Phil Scouts will be discharged at a rate which will increase from approximately 600 per month in Nov 1948 to 5000 monthly in the period Mar through Jun 1949. Disbandment is expected to be completed not later than Sept 30, 1949.

This Govt takes great pride in the long and distinguished record of the Phil Scouts as a part of the Armed Forces of the US and has reached with great regret the decision to disband them."

Without compromising discharge schedule you should invite Pres Quirino make any suggestions he may wish as to timing manner release public announcement this decision. Careful handling publicity appears highly desirable and it is hoped Emb in cooperation with PhilCom and possibly PhilGovt will give this close attention.

LOVETT

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811.24596/10-1548: Telegram

*The Chargé in the Philippines (Lockett) to the Secretary of State*

CONFIDENTIAL

MANILA, October 15, 1948—6 p. m.

2037. Deptel 835, July 1; Embgram A-337, July 30 and Deptel 1262, October 14<sup>1</sup> re naval bases.

FonOff note September 27 makes reference Embassy note 1637, July 2 and states: "The Philippine Government takes the view that the physical identification of the naval bases, fueling stations and other military bases needed by the United States under section 10 (B) of the Tydings-McDuffie Act (Act of Congress of March 24, 1932 [1934], 46 [48] Stat. 456) and the Joint Resolution of the United States Congress of June 29, 1944,<sup>2</sup> has already been made in the military base agreement between the Philippines and the United States signed on March 14, 1947, the use of which has been granted by the Philippines to the United States under the terms and conditions specified in the treaty of general relations and the military base agreement. However, if there are still other subjects for negotiations that have not been covered by our previous agreements this government will consider your note of July 2, 1948, as a reservation of the right of the United States to negotiate with the Philippine Government

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<sup>1</sup> Latter not printed.

<sup>2</sup> 58 Stat. 625.

with respect thereto. It will be highly appreciated if this Government could be informed in advance of the nature of such other subjects".

LOCKETT

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896.20/10-2048 : Telegram

*The Chargé in the Philippines (Lockett) to the Secretary of State*

SECRET

MANILA, October 20, 1948—4 p. m.

2071. Accompanied by General Anderson<sup>1</sup> I delivered a note to President Quirino October 19 embodying quotation in Deptel 1221, October 2 relative to discharge of scouts. At request to General Anderson, after he had received telegraphic instructions from CINCFE, I added the two words "and qualify" after the word "desire" at end of first paragraph of Dept's quotation.

President Quirino seemed somewhat shocked after reading note and said he could not understand why [so] large a body of trained soldiers was being discharged during the existing crisis. When informed that the number of scouts involved would be approximately 29,000 he said that large number would cause substantial unemployment during an election year. The implication in the foregoing statement was that substantial unemployment in the late summer and fall of next year would adversely affect his chances of reelection in November 1949. He further stated that he thought it would be necessary for him to make a quick trip to the United States particularly to discuss matters of military and financial assistance. On second thought he said he probably could not make the trip until after the first of the year (since the President does not travel airplane I rather doubt that he will make the trip). President Quirino asked General Anderson if he could turn over to Philippine[s] sufficient small arms to equip discharge scouts as they are mustered into Philippine armed forces. General Anderson said he had no authority to do so and such authority would have to be obtained from Washington. President Quirino stated he did not possess sufficient equipment to adequately supply forces now fighting against Huks. Throughout conversation the President was quite serious and realized the importance of the problem. He inquired if I thought Washington was firm in its policy of discharging the scouts and, on receiving an affirmative answer, he began to think aloud about how the discharged scouts could be absorbed into the Philippines armed forces. He thought 3,000 might be used in his peace and order campaign against the Huks but beyond that he was somewhat at a loss. However, he stated that discharged scouts not finding employment in civilian occupations would have to be employed

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<sup>1</sup> Gen. Jonathan W. Anderson, commanding general PhilCom.



by the Govt as far as possible, evidently meaning in the armed forces. The President said he wished to give further thought to the matter and preferred no publicity in the meantime. He was leaving our conference for a Cabinet meeting and gave me the impression he would discuss the phases of the scout problem with his advisers. General Anderson and I agreed what [*that*] we would withhold any announcement to the press while the President is considering ways and means of solving the problem and presenting it to the public. The President was informed that the program of discharge would go forward as scheduled.

LOCKETT

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896.24/10-2548 : Telegram

*The Chargé in the Philippines (Lockett) to the Secretary of State*

SECRET

MANILA, October 25, 1948—8 p. m.

2099. In accordance with the Department's requesting instruction 209, September 30,<sup>1</sup> I am now in receipt of a letter from General Jones<sup>2</sup> dated October 21 recommending that the request made by Ambassador Elizalde in his note to the Department July 27<sup>3</sup> receive favorable action from the US Government. In support of his recommendations General Jones in addition to the reasons given in Elizalde's note adds the following justifications for favorable action:

"(a) The military assistance agreement between the Government of US and the Government of Republic of Philippines implies that such support will be furnished.

"(b) Items requested are essential to the operation of the Philippine armed forces during the coming year.

"(c) The uncertain national economy does not permit the Philippine Government make appropriations sufficient to cover the expenditure of funds for the items requested and still maintain the armed forces at acceptable standards.

"(d) Failure to provide these essential supplies in the past has retarded the development of the Philippine armed forces by reducing the morale and efficiency below acceptable standards.

"(e) The assistance requested represents the minimum amount necessary to supplement that available for Philippine Government resources in order that the armed forces of the Philippines may operate at minimum acceptable standards and keep in effective being."

I am in full accord with General Jones' recommendation and particularly so in view of scout discharge program and what seems to be

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<sup>1</sup> Not printed.

<sup>2</sup> Maj. Gen. A. M. Jones, Chief, Joint U.S.-Philippine Military Advisory Group.

<sup>3</sup> Not printed. The Department replied on August 5 that the requested assistance would require appropriation of the requisite funds, not then available. (896.24/7-2748)

a general tendency to reduce our armed forces in the Philippines. Undoubtedly presence of our forces in the Philippines is a deterrent to domestic disorders, in spite of present Huk situation, and I believe that as our forces are reduced it would be to the general interest if a well equipped though reduced number of Philippine troops were ready and prepared for the preservation of peace. Copy of General Jones' letter being sent by airmail although it contains no additional information given in this telegram.<sup>4</sup>

LOCKETT

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<sup>4</sup>On November 6, certain equipment and supplies were transferred by the Philippine Command of the U.S. Army (despatch 1148, November 10, from Manila, not printed). On January 10, 1949, the Department replied further to the Philippine Embassy and explained that longer range questions of military assistance were still under consideration and the inability to act favorably on Philippine requests was not deemed prejudicial to any future policy determinations. (896.24/10-648)

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*Editorial Note*

The Chargé in the Philippines reported in the evening of October 27 that he received a telephone call from the Presidential Executive Secretary Evangelista that the latter had had a message from President Quirino from Baguio. The President had been interviewed by newspapermen in which he had told them that he had been informed that the Philippine Scouts might soon be disbanded. If this were true, President Quirino hoped that the 29,000 men could be gradually absorbed into the armed forces, even if at first there might not be sufficient weapons and equipment for them. Perhaps the United States would find it convenient to declare as surplus the equipment and weapons of the Philippine Scouts, which would let them be absorbed by the Philippine Government without much expense. Their basic pay was now the same as the regular pay of the Philippine Army personnel, although the Scouts did enjoy better allowances.

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811.24596/10-2748 : Telegram

*The Acting Secretary of State to the Embassy in the Philippines*

RESTRICTED

WASHINGTON, October 29, 1948—8 p. m.

1311. Urtel 2122<sup>1</sup> and previous. Dept and Army previous position was that announcement in regard to discharge of Scouts would be coordinated with PhilGovt but in view unilateral announcement apparently so worded as to attempt put US on defensive and under obligation supply equipment and weapons to absorb Scouts in Phil Army,

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<sup>1</sup> Not printed ; but see preceding *editorial note*.

Dept of opinion that Emb and Army if not already done should now make public statement with regard to US reasons for discharge emphasizing plan long contemplated gradual nature discharge, fact many on duty outside Phils, and plans for absorption certain ones to be retained. If queried say that question disposition equipment which may result from discharge is one for consideration by appropriate agencies US under military assistance agreement.

While Pres. Quirino desire link this with program increase armed forces understandable it seems highly desirable to avoid all possibility concurrence on part this govt that desirable solution problem from PhilGovt point view would be to absorb Scouts Phil Army or that we under obligation transfer equipment to enable such action. To do so would inevitably be construed as US admission of responsibility for discharged Scouts and continuing obligation their support. Moreover, it would appear contrary JUSMAG recommendation and Emb recommendation in Embtel 2099, Oct 25 referring to well-equipped though reduced number troops in which Dept concurs.

Your 2121<sup>2</sup> Dept approves and suggests you continue line you have taken on questions regarding abandonment bases.

Dept of opinion . . . you let Quirino know Dept somewhat surprised at manner in which he handled question release Scouts . . . . Dept received definite assurances from his predecessor that PhilGovt did desire negotiation base agreement and feels that if PhilGovt now has different view concerning question a matter of such importance should not be handled through medium of unilateral press statements.

Army Dept. concurs this telegram. Please keep Dept fully informed repercussions arising statement regarding bases.

LOVETT

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<sup>2</sup> Not printed.

811.24596/10-3148 : Telegram

*The Chargé in the Philippines (Lockett) to the Secretary of State*

RESTRICTED

PRIORITY

MANILA, October 31, 1948—9 p. m.

2139. Upon receipt Deptel 1311, October 29, 1948, I consulted with General Anderson concerning further publicity for the Scout disbandment program. After much discussion, the following statement, based upon Department's instruction, was agreed upon and is being released to press for publication Monday<sup>1</sup> morning papers: "Confirming the announcement that the Philippine Scouts are to be gradually disbanded, United States Chargé d'Affaires Thomas H. Lockett, in a statement released to the press yesterday, declared that his govern-

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<sup>1</sup> November 1.



ment had come to this decision only with great regret. The United States, said Mr. Lockett, is proud of the long and distinguished record of the Philippine Scouts as a part of the Armed Forces of the United States. In view of the fact, however, that the Philippines is now a sovereign and independent state, the United States has for some time felt that the Scouts should be disbanded. It has been a long-standing policy of the United States not to employ bodies of troops comprising nationals of other countries. For some time, therefore, plans have been under way to bring about a termination of the Scout program. As presently contemplated, the Scouts will be gradually disbanded and it is expected that the disbandment program will be completed not later than September 30, 1949.

Concerning the details of the disbandment program, Mr. Lockett stated that he had been informed by General Jonathan W. Anderson, Commanding General of Philippine Command, that Philippine Scout officers who are United States citizens may apply for commissions in the organized reserve corps and may be continued on extended active duty as officers upon the acceptance of their applications for such duty. Officers who are non-citizens of the United States, but who had enlisted service prior to October 1945, will be considered for enlistment in the first or second grades, providing they meet the necessary qualifications as prescribed in Army regulations.

General Anderson also informed Mr. Lockett that so far as enlisted personnel in the Scouts are concerned, almost three thousand of them who are United States citizens or who have enlisted service in the Scouts prior to October 1945 will be offered the opportunity to enlist in the Regular Army of the United States, subject to the same physical and mental qualifications as prescribed in Army regulations for other regular troops. The grades for enlistment of this personnel have not been determined. They will, however, be eligible for enlistment in all grades from first through sixth grade, depending upon qualifications and years of service.

Appropriate directives concerning the disbandment program are expected to be issued by General Anderson to his command during the next few days."

LOCKETT

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711.962/12-1348

*The Secretary of State to the Embassy in the Philippines*

CONFIDENTIAL  
No. 263

WASHINGTON, December 13, 1948.

The Secretary of State transmits herewith for the information of the Embassy a copy of a memorandum which summarizes the main

points on which the United States and the Philippine negotiators of the proposed Treaty of Friendship, Commerce and Navigation had not reached an agreement as of the close of discussion in September 1948. This memorandum was requested by Mr. Pedrosa, Philippine Budget Commissioner, for his own information, following an informal conversation between him and two officers of the Department prior to his departure from Washington, December 5, 1948.

The Department would appreciate a report on developments since the negotiating sessions of September 15, 1948. Information on the significance of the item relating to the Treaty of Friendship, Commerce and Navigation which appeared in the *Evening News*, November 30, 1948 is also desired, as well as the Embassy's view on whether the Philippine Government can be expected to act favorably on the proposed treaty at any time in the near future.

[Enclosure]

## PRINCIPAL ISSUES OUTSTANDING IN UNITED STATES-PHILIPPINE TREATY NEGOTIATIONS

### A. TRADE MATTERS

#### 1. *Principle of unconditional m-f-n treatment*

The Philippine negotiators felt that acceptance of the unconditional m-f-n principle would influence their policy in treaties with other countries and requested an exception to the unconditional rule in this treaty. The United States consented to meet the Philippine position insofar as the principle is set forth in the Preamble providing the Protocol carried a clear statement affirming the unconditional m-f-n principle. The Philippine negotiators then presented a proposal which would permit the Philippines to enter into special arrangements with third countries for specified purposes. The United States considered this proposal but found it unacceptable, inasmuch as it (1) undermines most of the unconditional m-f-n provisions of the treaty and (2) is inconsistent with the policy now accepted by most trading nations to further the expansion of world trade on a nondiscriminatory and multilateral basis.

#### 2. *M-f-n treatment with respect to indirect trade*

Filipinos have objected to giving m-f-n treatment to United States articles "from whatever place arriving" maintaining that between 1909 and 1946 duty-free entry into the Philippines was conditioned by the United States Congress "upon direct shipment under a through bill of lading from the country of origin to the country of destination". In addition, the Filipinos did not wish to see distributing cen-

ters for United States goods build up in the Far East outside of the Philippines. They felt that their position was consistent with their objective of industrializing the Philippines and developing the country as a distribution center. The United States negotiators pointed out that the Philippine position was not consistent with the objective of stimulating trade by reducing barriers and that the Philippine position, if taken by other countries, would result in preventing *entrepôt* trade anywhere. It was also pointed out that provisions of the treaty would not require the Philippines to accord the same treatment to an article assembled in a third country from U.S. materials as accorded a United States item imported directly. It was also pointed out that the Trade Act and the Trade Agreement do not continue to require shipment on through bills of lading.

3. *National treatment with respect to matters relating to importation and exportation*

Philippine negotiators objected to the broad wording of this provision and proposed restricting national treatment to specific matters. United States negotiators stressed the mutual advantage resulting from granting national treatment with respect to all matters relating to importation and exportation. Provisions of this paragraph are by no means one-sided, as Philippine nationals and companies have considerable interest in the treatment accorded them by the United States in matters pertaining to export control and certain import quotas, e.g., sugar. American nationals and companies on the other hand are interested in the treatment to be accorded under the Philippine import control program.

4. *National treatment with respect to taxation, sale, distribution, or use of imported goods*

Philippine negotiators did not accept the provision of the Treaty on this subject and proposed instead a provision which would give imported goods m-f-n treatment. The Philippine negotiators stressed the point that their attitude was consistent with their general philosophy of promoting industrialization in the Philippines. The United States negotiators on the other hand pointed out that the treaty provision on this subject has been accepted by the major trading countries and is included in such instruments as GATT and ITO. Furthermore the provision is entirely mutual.

5. *National treatment with respect to financial transactions*

The Filipinos presented a counter-draft substituting mutual m-f-n for national treatment as provided in the United States draft. This is unacceptable to the United States. The United States proposal for na-



tional treatment is entirely mutual. In addition it mutualizes the terms of Article V of the Trade Agreement.

#### B. ESTABLISHMENT PROVISIONS

##### 1. *National treatment with respect to commercial, financial and professional activities*

Whereas both sides agreed to m-f-n treatment with respect to activities specified by the treaty, national treatment was agreed to by the Philippines only with respect to manufacturing, processing, scientific, religious and philanthropic activities. The Philippine objection to according national treatment for commercial activities would make the provisions of the treaty one-way, in as much as the United States has granted national treatment for such activities in many of its treaties. The Philippines would be entitled to all of these by virtue of an m-f-n provision of the treaty on this subject. It was also pointed out that United States entrepreneurs would not be encouraged to establish manufacturing and processing plants in the Philippines if the Philippines pursued a policy of excluding American merchants; such a policy would be taken as a nationalistic measure which might in the future endanger their investments in the Philippines.

Under the treaty Philippine nationals and companies would be in no less favorable a position with respect to financial activities in any state in the United States than citizens and companies of other states of the United States in such state. No known regulations against employment of Filipinos in banking activities exist in the United States, and if any do exist the treaty would remove them. The treaty would also remove any possible United States discrimination with respect to professional activities on grounds of nationality.

##### 2. *Rights of unregistered corporations to sue in courts*

The Filipinos were wary of permitting free access to courts by alien corporations not registered to do business in the Philippines because (a) there would have to be some way for Philippine courts to determine the identity of the corporations, and (b) United States corporations could afford to hire counsel and sue in Philippine courts, whereas Philippine corporations, being small and having limited financial resources, could seldom afford to sue in United States courts.

The first reason was answered by the United States negotiators proposing for inclusion in the treaty a provision requiring that corporations desiring to sue first file in the courts any "reasonable particulars" required by the laws and regulations of the country in which suit was instituted. As regards the second point, it was pointed out that generally in both countries suit would seldom be instituted unless the

amount of anticipated damages would defray the cost; that the question usually is not one of the size or financial resources of the complainant, but the size and value of the complaint.

### 3. *Real property*

The Philippine negotiators objected to the United States proposal and requested that the United States accept an addition to the Protocol mutualizing the provisions of Article VII, Paragraph (i), of the Trade Agreement relating to access to the public domain. The United States negotiators expressed regret that they were unable to consider the Philippine proposal in view of the fact that the United States Congress by domestic legislation had authorized all terms and conditions of the Trade Agreement and had specifically forbidden the President of the United States from entering into a trade agreement with the Philippines on any other terms. In view of the existing legislation in the United States and the Philippines, and also taking into account provisions of the Trade Agreement and the treaty, it was the belief of the United States negotiators that the situation with respect to land ownership is highly favorable to the Philippines. Acceptance of the United States proposal was advanced for the following reasons.

a. While the Trade Agreement is in force, and thereafter, the Philippines would, under the United States proposal, enjoy whatever rights as to both public and private lands may be available to them under the laws in force in any state, territory, or possession of the United States; particularly since the Act of July 2, 1946, made Philippine citizens eligible for United States citizenship, they have been able to enjoy the right of land ownership in many States even without being naturalized, because in these States the restrictions on land ownership bear only against persons not eligible for United States citizenship. There is a marked tendency in the United States towards the liberalization of land laws which works to the advantage of Philippine citizens.

b. When the Trade Agreement is not in force, the Philippine citizen still gets, under the United States proposal, whatever the laws in force in the States permit, but the United States citizen gets m-f-n treatment in the Philippines as a maximum and, the Philippine Constitution remaining as at present, that maximum is "zero".

c. When the Trade Agreement is not in force, and assuming the alien land holding provisions of the Philippine Constitution to be liberalized, the United States citizen still gets m-f-n treatment under the United States proposal in the Philippines as a maximum, but not more than his State allows Philippine citizens as a minimum.

## SIAM

### RECOGNITION OF NEW GOVERNMENT

[For Department of State press release of March 6 on exchange of notes that day, see Department of State *Bulletin*, March 14, 1948, page 360. For Department press release of April 23 on resignation of Siamese Government on April 8 and forming of new Government, see *ibid.*, May 23, 1948, page 686. Relevant papers on this subject may be found in Department files 892.00 and 892.01.]



## NORTHEAST ASIA

### CHINA

[For documentation regarding relations of the United States with China in 1948, see volumes VII and VIII.]

## JAPAN

### OCCUPATION AND CONTROL OF JAPAN<sup>1</sup>

740.0011 PW (Peace)/1-348: Telegram

*The Ambassador in the Soviet Union (Smith) to the  
Secretary of State*<sup>2</sup>

RESTRICTED

Moscow, January 3, 1948—3 p. m.

16. Note received from Foreign Office today transmitting copy Soviet reply to Chinese note December 5<sup>3</sup> on Japanese peace conference. Embassy translation text follows:<sup>4</sup>

“In answer your note December 5 on question of preparation peace settlement for Japan I have honor inform you that Soviet Government in its note November 27<sup>5</sup> stated in detail its point of view on this question. However, in view of opinion expressed by Chinese Government that Potsdam agreement does not contain in itself any clearly expressed provision whatsoever conferring upon Council of Foreign Ministers authority for preparation of peace treaty with Japan, Soviet Government regards it necessary advance several supplementary considerations.

“As is known, paragraph A of Potsdam agreement for establishment of CFM provides that ‘the conference reached an agreement for establishment CFM representing five principal powers to continue necessary preparatory work for peace settlements’. Further, neither in this clause nor anywhere in whole agreement is there contained any exclusion or limitation in connection with any of former enemy countries. In addition, Potsdam agreement provides that CFM for preparation of peace treaties will be constituted of representatives of those member states who have signed terms of surrender for appropriate enemy states.

“In conformity with this, in constituting CFM for preparation of peace treaty with Japan, there must be invited representative of China which as is known did not participate in preparation of peace settlement with former enemy countries of Europe.

<sup>1</sup> Continued from *Foreign Relations*, 1947, vol. VI, pp. 156-595.

<sup>2</sup> Reported by telegram to Canberra, London, Nanking, Paris, The Hague, Tokyo, and Wellington; copy sent the missions of Australia, Canada, France, India, the Netherlands, Philippines, and New Zealand on January 22.

<sup>3</sup> Quoted in note from the Chinese Ambassador (Koo), December 6, 1947, *Foreign Relations*, 1947, vol. VI, p. 587.

<sup>4</sup> Similar views were conveyed on January 3 by the Soviet Minister for Foreign Affairs (Molotov) to the British Secretary of State for Foreign Affairs (Bevin); the British Embassy on January 10 transmitted the text to the Department.

<sup>5</sup> See enclosure to Soviet Embassy note, November 27, 1947, *Foreign Relations*, 1947, vol. VI, p. 580.

"As regards point of view of Chinese Government to effect that functions of Far Eastern Commission would seem to have direct relationship to peace conference for Japan, such point of view cannot be taken as having any basis since December agreement 1945 at Moscow with regard FEC not only does not include in functions of this Commission questions of peace settlement for Japan but on contrary especially stipulates (Paragraph II, B) that Commission will not concern itself with settlement of territorial questions which goes without saying constitute one of important constituent parts of future peace settlement for Japan.

"From what has been set forth it follows that preparation of peace treaty with Japan must be entrusted to CFM composed of representatives of China, USSR, USA and Great Britain as the states in whose names were signed terms of surrender dictated to Japan and whose special interest in questions of post-war situation in Japan was confirmed by qed [December] agreement 1945 at Moscow.

"With regard to other countries who contributed share to common victory over Japan and are members of FEC it is understood that for organization of preparatory work for peace treaty with Japan, attention must also be given to their interests.

"Soviet Government considers that this preparatory work could be organized by CFM through participation of other states—members of FEC in manner analogous that in which will be organized such work for preparation of peace treaty with Germany. As is known project for procedure in preparation of German peace treaty, a significant part of which at present has been agreed to in CFM, envisages establishment of number of committees and subcommittees as well as informational consultative conference. Inclusion of above indicated states—members of FEC—in participation appropriate subcommittee in work of committees as well as appropriate subcommittees and informational-consultative conference, guarantees to necessary degree interests of these powers during period preceding peace conference.

"Copies of present note being sent simultaneously to Governments USA and UK. Accept, etc. Molotov. Moscow December 30, 1947".

SMITH

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740.0011 PW (Peace)/12-947

*The Secretary of State to the Acting Political Adviser in Japan*  
(Sebald)

SECRET  
No. 5

WASHINGTON, January 14, 1948.

The Secretary of State refers to the Acting Political Adviser's airgram No. 130, December 9, 1947,<sup>1</sup> reporting that the Japanese Minister for Foreign Affairs, Dr. Hitoshi Ashida, had offered to provide the Diplomatic Section informally with a copy of certain studies made by

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<sup>1</sup> Not printed.



the Ministry for Foreign Affairs with regard to the Japanese peace treaty, should the Diplomatic Section so desire. It is stated that Vice Minister Katsuo Okazaki, who presented the Foreign Minister's offer, was informed that the receipt of such a document would be premature at this time, and the Department's instructions are requested in the premises.

The Secretary of State approves the Acting Political Adviser's decision not to receive the document. It is assumed that procedures for receiving the views of the Japanese Government on problems relating to the peace settlement will be determined by the Powers concerned at the peace conference. Until these procedures have been so determined it would be inappropriate for a representative of the United States Government to accept a document of this type from the Japanese Government or otherwise in his official capacity to show interest in Japanese Government thinking on treaty issues.

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740.00119 Control (Japan)/1-1648

*Memorandum by the Director of the Office of Far Eastern Affairs  
(Butterworth) to the Assistant Secretary of State for Occupied  
Areas (Saltzman)*

SECRET

[WASHINGTON,] January 16, 1948.

Subject: Modification of Purge Restrictions in Japan.

1. I have for some time been disturbed over the lengths to which the purge has been carried in Japan and the consequences which such a sweeping proscription is reported to have had on Japanese economic revival and governmental efficiency. More than two years after surrender substantial additional numbers of Japanese are still being purged every week, and no procedures have been established to make possible the clearing and re-entry into positions of responsibility in Japanese public and economic life of the substantial proportion of purgees who it is doubtful were by any reasonable interpretation of the phrase "active exponents of militant nationalism and aggression", but who might make a material contribution to the development of a peacefully inclined and effective Japanese government and to the revival of Japanese economy.

2. As you know, the basic directives on Japan provided for the exclusion from public office and from "positions of important responsibility or influence in industry, finance, commerce or agriculture" of "active exponents of militant nationalism and aggression". In implementing these provisions, however, practically all persons who held positions of responsibility in Japanese government, industry, finance

and the press from about 1930 on have been excluded from such positions under the occupation, largely without relation, it has appeared, to whether they actively sponsored a military course or merely occupied positions of an entrepreneurial or professional nature and did not resign or otherwise go out of their way to oppose the military regime.

3. The result, according to a wide variety of sources, is that large numbers of Japanese whose qualifications are essentially technical (business entrepreneurs and experienced public officials), Japanese who made the wheels of industry and government go 'round before and during the war but who did not initiate or actively sponsor military policies, and who indeed frequently, covertly or overtly, opposed those policies, have been excluded from positions of responsibility and their talents wasted. In SCAP's report "Two Years of the Occupation" it is stated that in the period from January 1946 to July 1947 2,748 Japanese were barred and removed from public office and from responsible business and press positions, 20,000 persons resigned their positions in order to escape screening, and 183,000 former career military officers, plus an undetermined number of former government officials who have not held or sought public office during the occupation, were automatically barred or removed. The Department's Division of Research for the Far East considers on the basis of other SCAP and official Japanese reports that the first figure may have been considerably understated. The economic purge alone is reliably reported to have run to over two thousand persons, not to mention the political and press purges, and, as the above-mentioned SCAP report indicates, about ten persons resign their positions to escape removal for every one actually removed. The Japanese Government announced on December 10 that 4,752 persons had been purged up to that time by the Central Screening Committee and 2,213 persons by local screening committees (CINCFE's C57502, December 22 <sup>1</sup>). The telegram at Appendix "A" <sup>1</sup> has been prepared, and either has been or it is expected shortly will be sent to SCAP, in order to obtain complete, detailed and up-to-date purge statistics.

4. The theory on which the purge program is understood to have been based is that all of Japan's former leaders were in some degree tarred with the same brush and that all must be removed so that entirely new leadership with an entirely new outlook may be enabled to take their place. While perhaps desirable in principle, this theory of an entirely new leadership, carried to the lengths it has been car-

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<sup>1</sup> Not printed.

ried, is subject to certain very definite disadvantages which must be weighed in the balance of present and prospective circumstances:

(a) First, it is doubtful whether Japan now has, or for some time to come will have, capable new leaders to replace the old. I am not speaking here of the top leaders who actually did conceive and initiate Japan's course of aggression and who should be removed in any circumstances, but of the much larger number of persons who were not in this group but who occupied important positions because of their professional and business abilities. This class of persons was never as numerous in Japan as in other modern, technically advanced countries, largely because of the country's comparatively recent modernization and autocratic social structure, and they cannot be replaced except over a long period of time, too long to wait.

(b) It would be directly in accordance with Japanese character if the many Japanese who held positions of importance before and during the war who adapted themselves to, but were not active exponents of, war policies and who are capable men in the prime of life, were to become as loyal and valuable servants of a new and democratic Japan, now that this course appears in Japan's and their own interest, as they were of the old Japan. On the other hand, if these group[s], many of whom, particularly in the business world, were distinctly pro-American before the war and all of whom are anti-Communist, are indefinitely excluded from positions of responsibility in government, business, education and the press, they are likely to become embittered toward our occupation policies and toward the United States, becoming our enemies where they might have been our friends.

(c) The purge, in the extreme form in which it appears to have been executed, seems inconsistent in letter and in spirit with the provisions of SCAP's "Bill of Rights" directive of October 4, 1945<sup>2</sup> and with the civil rights provisions of the new Japanese Constitution.<sup>3</sup> Penalization of the large numbers of purgees whose only crime was to serve their country in time of war would not seem to be the best illustration we might be providing the Japanese of the benefits of impartial justice and respect for personal rights.

5. The consequences for Japanese economic revival and the efficiency of Japanese governmental administration of the loss of capable personnel due to what may have been the unduly sweeping nature of the purge cannot of course be accurately estimated. One cannot help but suspect, however, from the number of professionally qualified Japanese administrators and business entrepreneurs who have been purged, from the known concentration of top-flight administrative and entrepreneurial ability in a relatively small number of people in Japan, and from the fumbling performance of Japanese governmental and busi-

<sup>2</sup> Scapin 93, Supreme Commander for the Allied Powers, Report of Government Section, *Political Reorientation of Japan*, September 1945 to September 1948 (U.S. Government Printing Office, Washington; 1949), p. 463.

<sup>3</sup> Promulgated November 3, 1946; see *Political Reorientation of Japan*, pp. 670-671.



ness administration during the past two years,\* that the loss has been heavy. Mr. Corwin Edwards, former head of the Zaibatsu Mission to Japan, while on consultation here in the Department two months ago stated that he believed the economic purge had been far too sweeping and was exerting a deleterious effect on recovery. In this connection, it is not always realized that the "Zaibatsu purge", recommended by the Zaibatsu Mission as satisfactory for the purposes of its program, comprised only about 150-200 persons as a maximum, and that the "economic purge", so-called, was drawn up by the Government Section of SCAP, not the Economic and Scientific Section, as part of the Government Section's general purge program.

6. In its consideration of the purge problem the Working Group on the Japanese Treaty has concluded, for much the same reasons as have been advanced in this memorandum, that the purge should come to an end with the signing of the treaty (except for approximately 60 former Zaibatsu family members bearing the family names) and, unless the Japanese Government should of its own volition decide otherwise, former purgees should be relieved of all disabilities. The Council of Ambassadors would, however, have the right to exclude from public office, much more narrowly defined than at present, such limited numbers of persons, not in office at the time of signing of the treaty, as the Council might designate. It would seem advisable, considering that this or some similar formula may be accepted for the treaty and that the peace conference may be held in the near future, that a review of the purge program be undertaken within the Department as soon as possible. If it should be decided that the purge has indeed gone too far, measures for its relaxation should be promptly considered. It would obviously be undesirable to enforce the purge in its present form right up to the signing of the treaty if the intention is to terminate it entirely with the treaty.

7. Should relaxation of current purge regulations be decided, there are certain steps to this end which could be carried out in such a way as not to appear to constitute a reversal of earlier SCAP orders but which would accomplish the desired result. Among these steps to be applied singly or in combination, would be the following:

(a) SCAP or the Japanese Government might establish an appeals procedure under which purgees desirous of occupying a prohibited position could have their cases reviewed, and, where it could not be shown that they had been "active exponents of militant nationalism and aggression" in the literal sense of the term, be relieved of all disabilities.

(b) Another means would be to make re-eligible for all governmental, business and press positions whole categories of persons who

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\*This is not to imply that this performance has been solely or even primarily attributable to the purge, but that the purge has had a significant contributory effect. [Footnote in the original.]

had been purged by reason of holding relatively harmless positions (for example prefectural and local Imperial Rule Assistance Association heads, or officers, up to a certain level, of "financial and development organizations involved in Japanese expansion").

(c) A third method would be to reduce the number of positions from which purgees were excluded so as to leave only the more important posts.

(d) Finally, SCAP or the Japanese Government might on their own initiative reexamine the cases of less culpable purgees who it was believed because of their special capabilities might fill useful roles in Japanese public or business life.

8. Indications are that the Department of the Army, which is keenly interested in economic revival, would support a proposal for modification of the purge if study of the problem should indicate that the purge was hampering, or might come to hamper recovery.

9. In the light of the above considerations, I would recommend that we be prepared on receipt of the answer to the telegram at "Appendix A" and the report of the State Department mission to Japan recommended in my memorandum of December 31 to the Secretary, to set up a working group in the Department to study the question of whether the purge has been carried too far, and, if so, whether modification may not be desirable.<sup>4</sup> If it is concluded that modification would be advisable, I would suggest that a paper containing definite recommendations on the subject be prepared in the Department for submission to SANACC.

10. The division of Occupied Areas Economic Affairs has been consulted in the matter and, as indicated in the attached memorandum, concurs in the above recommendation.

W. W[ALTON] B[UTTERWORTH, JR.]

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<sup>4</sup> Assistant Secretary Saltzman on January 22 replied agreeing with the recommendation to set up a "Department working group to study the desirability of modifying the purge program in Japan" and inquired whether progress had been made "about someone going to Japan to look into economic reform and other matters". Memorandum of December 31 not found in Department files.

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740.0011 PW (Peace)/1-2148: Telegram

*The Ambassador in the Soviet Union (Smith) to the Secretary of State*<sup>1</sup>

SECRET

Moscow, January 21, 1948—3 p. m.

111. Embassy surprised Denning's<sup>2</sup> emphasis on desire early Jap peace treaty (London despatch No. 2937, December 19, 1947<sup>3</sup>) and

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<sup>1</sup> Repeated in 137, January 28, 4 p.m., to Nanking and as 25 to Tokyo. The Department forwarded in instruction 10, January 23, to Tokyo the several communications exchanged on the subject of a peace conference.

<sup>2</sup> Maberly E. Denning, Assistant Under-Secretary of State, British Foreign Office.

<sup>3</sup> Not printed.

opinion that Soviets might finally join 11-power conference if their "bluff" called. We do not believe Soviets are bluffing or that they would never [*ever* ?] join such a conference. Still appears to us that Soviets would prefer stay out and that we have no advantage to gain by quick Jap treaty (Embtel 3310, December 2<sup>4</sup>). British Embassy official here indicates agreement our point of view, says Embassy has similarly reported London.<sup>5</sup>

Repeated to London.

SMITH

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<sup>4</sup> Printed in *Foreign Relations*, 1947, vol. VI, p. 583.

<sup>5</sup> Telegram 201, February 2, 5 p.m., from Nanking, reported the Embassy's complete agreement with Moscow's opinion and added that Soviet intentions would encourage delay in effecting a final settlement with Japan (740.0011 PW (Peace)/2-248).

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894.50/1-2248

*Statement To Be Made to Far Eastern Commission by United States Member and Transmitted to SCAP for Information and Released for Publication*<sup>1</sup>

The U.S. Government has reviewed the accomplishments of the first two years of the occupation of Japan in the light of the ultimate allied objectives as set forth in the Potsdam Declaration and elaborated in subsequent policy statements.

This review has revealed that in implementation of the basic policy, SCAP has destroyed Japan's ability to make war on the land, on the sea, and in the air. Exceptional progress has been made in establishing political and economic institutions which will permit the development of a democratic and peaceful Japan capable of assuming the responsibilities of a member of the community of nations. The framework of a democratic Japanese Government has been established in accordance with the provisions of a new constitution adopted by the Japanese people, and a popularly elected government is now in office.

However, the establishment of a self-supporting economy in Japan, without which the achievements of the occupation cannot be consolidated, has not yet been accomplished. Japanese industry and commerce are not yet sufficient to sustain the Japanese economy; there is not yet final Allied determination of the reparations which Japan will be required to pay; and Japan is not yet in a position to participate

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<sup>1</sup> SWNCC 384 as revised and approved by SANACC on January 21; the statement was made the same day by Maj. Gen. Frank R. McCoy, U.S. representative and chairman of the Commission, released to the press, and sent the Joint Chiefs of Staff for transmission to SCAP.



fully in world trade and to contribute its part to the rehabilitation of world economy. Economic chaos in Japan has been prevented only at the expense of the American people who have financed the importation of vital food and other materials required to prevent widespread disease and unrest.

It is the view of the U.S. Government that if the fundamental objectives of the occupation are to be achieved, and if there are to be established the conditions necessary to enable Japan to make its proper contribution to the economic rehabilitation of world economy and to take its place in the community of nations, a much greater effort must be made to bring about the attainment of a self-supporting Japan with a reasonable standard of living. To this end, my Government believes that the Japanese Government and people, the Far Eastern Commission and its member states, and the Supreme Commander, recognizing the conditions which now require that more emphasis be placed on such a program, should take all possible and necessary steps consistent with the basic policies of the occupation, to bring about the early revival of the Japanese economy on a peaceful, self-supporting basis.

The Japanese Government, under the supervision of SCAP, must prepare and implement plans under which Japan can become self-supporting at the earliest possible time. Progress has already been made in this direction. Although the primary responsibility for the preparation and execution of such a plan rests on the Japanese Government and people, SCAP must take the requisite steps to ensure that the Japanese Government and people energetically and effectively discharge that responsibility.

Greater efforts by the Japanese people, coupled with such assistance as the United States Government may be able to provide for a temporary period, should eliminate the burden on the American taxpayer of supporting the Japanese economy. While the American people will not continue indefinitely to subsidize the economy of Japan, the U.S. Government will shortly begin discussions in the Congress of a proposal to provide funds for the fiscal year 1949, in addition to funds requested for subsistence items, for the procurement of such imports as industrial raw materials, and spare parts to assist Japan to expand the output of its peaceful industries toward a status of self-support.

The Far Eastern Commission has already agreed on a number of policies directed toward this goal. For example, it has already declared that measures should be taken or continued to stimulate Japan's production of goods required for export and to ensure that goods produced are those in demand in countries requiring supplies from

Japan.<sup>2</sup> It has recently opened Japan to limited private trade<sup>3</sup> and authorized the establishment of a revolving fund to aid in financing peaceful foreign trade. The U.S. Government, recognizing that the cooperation of the Far Eastern Commission and its member states is essential to the successful accomplishment of a program for bringing about a self-supporting economy in Japan, requests favorable consideration of future policies to be presented to the Commission toward this end.

<sup>2</sup> FEC-032/26, July 24, 1947; Department of State, *The Far Eastern Commission*, Second Report by the Secretary General, July 10, 1947–December 23, 1948 (publication 3420, Far Eastern Series 29, U.S. Government Printing Office, Washington; March 1949), p. 31.

<sup>3</sup> See circular airgram, July 22, 1947, *Foreign Relations*, 1947, vol. VI, p. 257.

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FE Files (peace treaty)

*Analysis of the Japanese Peace Treaty Draft of January 8, 1948*<sup>1</sup>

SECRET

1. *Categories of Problems Studied*

The January 8 draft<sup>2</sup> on the Japanese peace treaty, which has no formal standing in the Department but is drafted in general along the lines of the thinking of the Policy Planning Staff, can be divided roughly into six main categories. These categories are: 1) Territorial Clauses; 2) Extent of Allied Authority; 3) Disarmament and Demilitarization of Japan; 4) General Reform Program; 5) Reparations and Restitution; and 6) Technical Problems Connected with the Liquidation of the War, such as war criminals, claims, property rights, settlement of disputes and final provisions.

2. *Territorial Clauses*

The territorial clauses (Articles 1–9) are based largely on international agreements made at Cairo, Yalta and Potsdam. The disposition of the Bonin and Volcano Islands and Marcus Island (Article 5) is based on a decision of SWNCC of September 17, 1946 to the effect that these islands be placed under a strategic trusteeship under the administration of the United States. Although the trusteeship agreement for the Trust Territory of the Pacific, the former Japanese Mandated Islands, was approved by the President on July 18, 1947, title to this territory is to be renounced by Japan (Article 6) in order to nullify any possible residual claims that Japan may have to it. The main out-

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<sup>1</sup> Submitted on January 30 by Hugh Borton, Special Assistant to the Director of the Office of Far Eastern Affairs (Butterworth), to John P. Davies, Jr., of the Policy Planning Staff.

<sup>2</sup> Not printed.

standing problems in the territorial clauses concern the southern Kurile Islands and the Ryukyus. In reference to the Kuriles, they are not defined in the Yalta Agreement, which simply states that "The Kurile Islands shall be handed over to the Soviet Union." If the United States proposes a narrow interpretation of the "Kurile Islands", the southernmost islands of Kunashiri and Etorofu, the Habomai group and Shikotan would be retained by Japan. In reference to the Ryukyu Islands, the Joint Chiefs of Staff have recommended a U.S. strategic trusteeship for all of the islands south of 29 degrees north latitude but the State Department has not yet concurred with this proposal.

### 3. *Extent of Allied Authority*

The sovereign independence and territorial integrity of Japan is recognized by the Allied and associated powers in Article 10 and SCAP, the FEC and the Allied Council for Japan are abolished by Article 11. Such control as the Allies are to exercise over Japan in post-treaty period is to be through the Council of Ambassadors (Chapter 6). While most of this authority is limited to problems of disarmament and demilitarization, Article 32(h) gives the Council authority for a period of 5 years to determine whether Japan has vitiated the provisions concerning limitations on holding public offices (Annex A) and those on economic reform. According to this article, if the Council determines that a violation of these provisions has taken place, it may issue directives to the Japanese Government. If the Council decides the directives have not been carried out, it may recommend to the member governments action which it considers appropriate under the circumstances.

This provision, extending authority of the Council of Ambassadors beyond control over questions of disarmament and demilitarization, has been included because this Government has already certain commitments concerning the economic reform of Japan and because extensive reforms have already been instigated by SCAP within the policies set forth in the initial post-defeat directive issued to him (SWNCC 52/7).<sup>3</sup> If Allied control is to continue over any of the reform programs, some provision must be included in the treaty similar to that in Article 32(h).

### 4. *Disarmament and Demilitarization*

The provisions for disarmament and demilitarization, contained in Chapter 5, follow the revision of November 1947 of the draft treaty for disarmament and demilitarization of Germany insofar as these

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<sup>3</sup> November 1, 1945; sent to SCAP on November 3. See *Political Reorientation*, pp. 428, 429.



provisions are applicable to Japan. On April 29, 1946 the United States circulated to the Governments of China, the Soviet Union and the United Kingdom a draft four-power treaty on the disarmament and demilitarization of Japan.<sup>4</sup> It was originally intended that this four-power treaty would be separate from the peace treaty and would be binding upon the four contracting powers. The January 8 draft of the Japanese peace treaty does not envisage a separate disarmament and demilitarization treaty. By incorporating the disarmament provisions in the peace treaty, the obligation to carry out these provisions is placed directly on Japan rather than on the four powers. Allied control over these provisions is limited to 25 years and is to be exerted through the Council of Ambassadors for Japan. Revisions of the disarmament and demilitarization provisions of the treaty are possible through the operation of Article 32(c) 4, whereby the governments represented on the Commission of Inspection may agree to the discontinuance of the functions of the Commission prior to the expiration of the 25-year period. These articles may further be revised through the operation of Article 58 which provides that the Allied and associated powers may hold a conference for the purpose of considering revision of the treaty "in the light of the progress of Japan toward the fulfillment of the provisions of the present treaty after its entry into force", whenever such a recommendation is made by the Council of Ambassadors for Japan or by a majority of the states represented on the Council. The articles on disarmament and demilitarization are also in conformity, in most respects, with the corresponding section in the Far Eastern Commission policy decision on Basic Post-Surrender Policy for Japan, approved on June 19, 1947.<sup>5</sup>

No provision is made in the draft treaty for a permanent level of industry in Japan. Such controls as are to be exercised over Japanese industry are limited to the prohibition of the stockpiling of strategic raw materials in excess of normal requirements for current consumption and the prohibition of any attempt to subsidize war shipping industries directly or indirectly for the purposes of expanding their capacity to produce (Article 26). The levels of industrial capacity specified in Annex D are not intended as establishing a level of industry but are for the purposes of determining availability of facilities for claims reparations.

##### 5. *General Reform Program*

As stated above, the Council of Ambassadors is given limited authority to supervise the carrying out by Japan of the provisions in

<sup>4</sup> For text released on June 21, 1946, see Department of State *Bulletin*, June 30, 1946, p. 1113.

<sup>5</sup> Department of State, *Activities of the Far Eastern Commission*, Report by the Secretary General, February 26, 1946-July 10, 1947 (U.S. Government Printing Office, Washington; 1947) (publication 2888, Far Eastern Series 24), p. 49.

Annexes A and D (Limitations on Office Holding and Economic Reform). The Council of Ambassadors has no direct authority, however, in reference to the carrying out by Japan of other reform proposals such as those concerning commercial policy (Article 49 and Annex L) and restrictive trade practices (Article 50 and Annex L). The provisions for limitation upon holding of certain public offices allow for the continuation, in exceptional cases, of the purge.

The annex on economic reform is based in part on policy decisions already made by this Government, in part on action already taken in the Far Eastern Commission, and in part on policies now pending before SANACC. The section on public finance follows the principles already approved in SWNCC 362 and 362/1. The section on trade unions is an adaptation of the Far Eastern Commission policy of December 6, 1946 entitled "Principles for Japanese Trade Unions".<sup>6</sup> The provisions on agrarian reform follow closely legislation which has already been passed by the Japanese Diet. No definitive position has been taken by SANACC, however, on an agrarian reform paper.

The section of the economic reform annex on excessive concentration of economic power is based on a paper entitled Japanese Economic Reform Program (SWNCC 302/1), approved by SWNCC. This paper is, however, now in the process of being revised.

Before any section on economic reform can be included in a definitive draft of the peace treaty, this Government must decide what economic reform provisions are to be included in the treaty and whether the Council of Ambassadors should have any power over their enforcement.

#### 6. *Reparations and Restitution*

The present draft of the treaty provides that Japan shall make equitable reparation for the damage caused by it to the Allied and Associated powers (Article 33). This general provision is based on the Potsdam Declaration and on the pertinent section in the FEC Basic Post-Surrender Policy on Japan of June 19, 1947. More detailed provisions concerning reparations are contained in Annex D and are based on FEC policy decisions on interim removals and on agreed U.S. policy decision on determination of the peaceful needs of Japan (SWNCC 236/43). This paper is now under consideration in the Far Eastern Commission and the Department of the Army has requested that no formal approval on such a paper be given by the United States Member in the Far Eastern Commission until after this Government has given consideration to the report of the Overseas Consultants Incorporated, which report Mr. Clarence Strike<sup>7</sup> expects to present to the Department of the Army on February 15, 1948. The United States

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<sup>6</sup> *Ibid.*, p. 91.

<sup>7</sup> Clifford S. Strike, President of F. H. McGraw & Co. and of OCI, New York.

reparations proposal does not advocate reparation from current production but it is understood that the Chinese Government will press for adoption of such a policy by the Far Eastern Commission. The Chinese position is based on the fact that our insistence on a prior claim on Japanese assets for payment of the costs of occupation, a principle already approved by the FEC, would result in less reparations to the other Allied [powers?]. The Chinese will formally recommend, therefore, that this discrepancy be met by reparations from current production.

The draft treaty further provides that the supervision of the implementation of the reparation and restitution articles of the treaty shall be by the Council of Ambassadors (Article 33 and Annex F, paragraph 11).

#### *7. Technical Problems Connected with the Liquidation of the War*

The remainder of the draft of the treaty and of the Annexes, with the exception of the general political clauses (Articles 13, 14 and 15), is devoted to the settlement of technical questions connected with the liquidation of the war with Japan. Such questions as adherence by Japan to international conventions and treaties, war criminals, claims, United Nations property rights and interests, special economic clauses concerning contracts, decisions of prize courts, industrial and artistic property rights and settlement of disputes are treated in general terms in the body of the treaty and are elaborated in Annexes B, C, G, H, I, J, K and N. In general, these provisions and annexes follow the pattern already established in the Italian Treaty and do not raise any basic issues.

It should be pointed out, however, that there is a provision for revision of the treaty (Article 58). Such a provision is not contained in the Italian or satellite treaties.

#### *8. Summary of Unsettled Issues in Draft Treaty*

From the foregoing, it is clear that if a complete draft treaty of peace for Japan is to be prepared, the United States Government must reach a definitive decision on the following points: (a) disposition of the southern Kurile Islands; (b) disposition of the Ryukyu Islands; (c) extent of authority of Council of Ambassadors over economic reform provisions; (d) economic reform program, particularly in reference to the purge, agrarian reform, and excessive concentration of economic power; (e) determination of the peaceful needs of Japan as a basis for availability of reparations; (f) reparations from current production.



740.0011 PW (Peace)/2-548: Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

TOP SECRET

NANKING, February 5, 1948—7 p. m.

231. Deptel 165, Feb. 3, 4 p. m.<sup>1</sup> Chinese position in respect of Japanese peace treaty is, we believe, based on two fundamental principles: First, they are deathly afraid of the Soviets and are unwilling to take any position which might aggravate situation unless and until they are assured of adequate and lasting support from the US. The character and the amount of the aid to China program will undoubtedly influence their thinking and if sufficiently large and confidence-inspiring may increase the possibility of their willingness to participate in a ten power peace conference without veto. Second, fundamental in their thinking on the veto, we believe, is a desire to remove any possibility at any time of another Yalta agreement. If, as may have been the case, President Roosevelt was led to the Yalta agreement in an effort to avoid an even worse situation in Manchuria, and that can be substantiated, it would be well at this stage, we believe, so to indicate to the Chinese.

STUART

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<sup>1</sup>Not printed; it inquired as to the Embassy's opinion of China's attitude toward a Japanese peace conference.

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894.52/2-1648

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

No. 104

TOKYO, February 16, 1948.

[Received February 25.]

The Acting Political Adviser has the honor to enclose<sup>1</sup> five copies of a directive from this Headquarters to the Japanese Government (Scapin 1855 of February 4, 1948) directing that prompt and vigorous action be taken against persons who obstruct the implementation of land reform measures. The land reform program in Japan is based on revisions enacted in 1945 and 1946 of the Agricultural Land Adjustment Law of 1938. The directive emphasizes that implementation of the program is essential to the creation in Japan of a free and democratic society.

Copy of a press release dated February 10, 1948 issued by the Public Information Office of this Headquarters in explanation of Scapin

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<sup>1</sup>Enclosures not printed.

1855 is also enclosed. The press release notes that in most parts of Japan the land reform program has moved ahead smoothly with the cooperation of all concerned.

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740.00119 FEAC/2-1748

*The Secretary General of the Far Eastern Commission (Johnson) to  
the Secretary of State*

WASHINGTON, February 17, 1948.

MY DEAR MR. SECRETARY: The Terms of Reference of the Far Eastern Commission provide that one of the functions of the Commission should be to "formulate the policies, principles and standards in conformity with which the fulfillment by Japan of its obligations under the Terms of Surrender may be accomplished."

It is further provided that when such decisions are made by the Far Eastern Commission, "The United States Government shall prepare directives in accordance with the policy decisions of the Commission and shall transmit them to the Supreme Commander through the appropriate United States Government agency."

At the ninety-second meeting of the Far Eastern Commission held at 2516 Massachusetts Avenue, Northwest, Washington, D.C., on 12 February 1948, the enclosed policy decision relative to Prohibition of Military Activity in Japan and Disposition of Japanese Military Equipment was approved.<sup>1</sup> The Soviet member abstained from voting on the enclosure but said in a prepared statement, a copy of which is enclosed for your information,<sup>2</sup> that it was his intention "not to prevent the adoption" of the policy. The Chairman accordingly declared the policy adopted in accordance with the provisions of Paragraph V, 2 of the Terms of Reference, on the ground that the statement of the Soviet member amounted to "concurrence" in the "action" taken by the Commission.

As Secretary General of the Far Eastern Commission, I have been instructed to forward this decision to you on behalf of the Commission in order that an appropriate directive may be prepared and transmitted to the Supreme Commander in accordance with the Terms of Reference.<sup>3</sup>

At the time the enclosed policy was adopted several members read into the minutes various statements of understanding as to the meaning of certain portions. I am enclosing an excerpt<sup>4</sup> from the draft

<sup>1</sup> FEC-017/20; see *The Far Eastern Commission*, Second Report, p. 19.

<sup>2</sup> Not printed.

<sup>3</sup> A directive was sent SCAP as serial no. 89 on March 17; a copy was sent the Far Eastern Commission by the Department on March 26.

<sup>4</sup> Not printed.

minutes of the ninety-second Commission meeting including these statements, with the request of the Commission that they be transmitted to the Supreme Commander for his information along with the policy decision itself.

The Commission agreed that the text of the enclosed policy should be released to the press after the appropriate directive has been received by the Supreme Commander. In order that we may make our arrangements for release as expeditiously as possible, it would be appreciated if you could notify me when the United States directive has reached Tokyo.

Sincerely yours,

NELSON T. JOHNSON

740.0011 PW (Peace)/2-1848: Telegram

*The Ambassador in China (Stuart) to the Secretary of State*<sup>1</sup>

SECRET

NANKING, February 18, 1948—8 p. m.

316. Vice ForMin Liu today inquired whether we had any information regarding rumored move by Australians to present new approach to Japanese treaty problem. Liu said Chinese had taken their position and must stick by demand for right of veto. China stood alone in respect of Japanese treaty and feared "bloc" British Commonwealth vote. Even though British Commonwealth denied existence of bloc, result was same as they could be expected to vote alike. Chinese public opinion, he said, would never consent to relinquishment of right of veto under these circumstances.

We would appreciate any information to pass on to Liu.<sup>2</sup>

STUART

<sup>1</sup> Repeated by the Department in 51, February 26, 5 p.m., to Canberra, with request for comment, and as 61, February 24, 7 p.m., to Tokyo.

<sup>2</sup> In its 298, February 24, 7 p.m., to Nanking, the Department said it had no more regarding the Australian move than had appeared in the press. (740.0011 PW (Peace) 2-1848)

761.94114/2-1948: Airgram

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

RESTRICTED

TOKYO, February 19, 1948.

[Received March 1—10:39 a. m.]

A-28. During a discussion at a dinner given by Prince Takamatsu, second brother of Emperor Hirohito, which was attended by the Acting Political Adviser and an officer of this Mission, gratitude was expressed by the Prince for the magnificent effort made by the United



States in repatriating Japanese from overseas and the hope expressed that those remaining in Soviet areas might be brought home speedily. Prince Takamatsu was conversant with the reason given by the Soviet Member of the Allied Council for Japan that repatriation was temporarily suspended because ports were ice-bound during the winter (this Mission's despatch No. 10 of January 3, 1948 transmitting a letter from the Soviet Member of the Allied Council for Japan of December 24, 1947<sup>1</sup>). He suggested that with spring the conditions which the Soviets had cited as the cause of the temporary suspension of repatriation would no longer exist and referred to the offer of the Supreme Commander to the Soviet Member of the Allied Council to complete repatriation from Soviet areas in five months (this Mission's despatch No. 1363 of October 31, 1947, reporting the Forty-fourth Meeting of the Allied Council for Japan<sup>1</sup>). Prince Takamatsu, who has been active in various societies engaged in assisting the families of unrepatriated prisoners of war, stated that the many Japanese people concerned are increasingly anxious that their sons, husbands, and other relatives be repatriated and, because of the severity of conditions in Siberia during the winter hope that everything will be done to complete repatriation before another winter begins.

SEBALD

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<sup>1</sup> Not printed.

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740.0011 PW (Peace)/2-2048: Telegram

*The Ambassador in the United Kingdom (Douglas) to the Secretary of State*<sup>1</sup>

CONFIDENTIAL

LONDON, February 20, 1948—5 p. m.

650. 1. On several occasions during past 6 weeks Foreign Office officials have inquired informally whether we have information on US intentions re Japanese peace settlement. To these inquiries we have replied without information re present US attitude.

2. Foreign Office officials handling Japanese matters tell us it still Foreign Office view that on balance early peace treaty remains most satisfactory way of dealing with Japanese problem. These officials reason if issue left in suspense Japanese public opinion will inevitably turn "sour", pent-up Japanese criticism will then be directed mainly toward principal occupying powers (US and British Commonwealth), and prospects Japanese support of western democracies in struggle with Soviets will thus be impaired.

3. But while UK plainly feels early Japanese peace treaty desirable, we consider UK unwilling take initiative. In UK view initiative must

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<sup>1</sup> Repeated in 64, February 25, 6 p.m., to Tokyo.

come from US as principal occupying power and dominant force in Pacific.

Sent Department as 650; repeated Moscow 26.

DOUGLAS

740.0011 PW (Peace)/2-2148: Telegram

*The Ambassador in the Soviet Union (Smith) to the Secretary of State*

SECRET

Moscow, February 21, 1948—3 p. m.

350. London 650, February 20, to Department. Embassy believes early Japanese peace conference will have little if any deterrent effect on Kremlin's plans for Far East. Question then becomes one of deciding when is most favorable moment for US take initiative again in pressing for peace settlement. Embassy believes Soviets will not join except on own terms.

Whether Japanese public opinion is turning "sour" and Japanese criticism welling up against principal occupying powers is of course matter for Tokyo to judge. Embassy ventures opinion that Japanese may realistically understand hopelessness of CFM agreement on Japan and know where obstructionism lies.

Achievement some sort understanding with China on Japanese treaty appears to us of first importance, and I believe this is more likely to be obtained before we make another large financial contribution than after this is done. Reported Soviet interest in a political settlement in China may have some basis as indicating Kremlin's natural desire take maximum advantage China's desperate plight to counteract and diminish US influence in China. Sino-US agreement on Japanese treaty procedure would be highly desirable and healthy development even though conference itself might not immediately be convened.

Department repeat Nanking 6, London 17.<sup>1</sup>

SMITH

<sup>1</sup> Repeated in 64, February 25, 6 p.m., to Tokyo.

894.01/2-2448

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

CONFIDENTIAL

No. 118

Tokyo, February 24, 1948.

[Received March 9.]

SIR: I have the honor to report that Prime Minister-Designate Ashida Hitoshi, at his own request, informally called upon me today

in my capacity as Chief of the Diplomatic Section, General Headquarters, Supreme Commander for the Allied Powers, with a view to apprising me of the policies which he hopes to pursue after having formed a Cabinet. Dr. Ashida stated that he had today called upon General MacArthur and subsequently upon Brigadier General Courtney Whitney, Chief of the Government Section, and was assured both by General MacArthur and by General Whitney of their support. He stated that his relations with the Government Section had always been most cordial and that he has never experienced any difficulties from that quarter.

In discussing the question of forming his Cabinet, Dr. Ashida stated that he does not anticipate any particular difficulty in this regard in view of the support of the so-called left-wing Socialists who, he said, are wholeheartedly in favor of the new Cabinet. It was Dr. Ashida's impression that the leaders of the left wing are chiefly concerned with being allocated important posts in the Cabinet. He said that the present propaganda which is being circulated by certain Socialist left-wing elements is merely to "cover up" their rather contradictory action in having forced the resignation of the Katayama<sup>1</sup> Cabinet and now agreeing to support a new coalition Cabinet under the leadership of the Democratic Party.<sup>2</sup>

As a matter of interest, there is enclosed copy of a statement<sup>3</sup> which Dr. Ashida said he read to General MacArthur today. The statement purports to contain the chief policies which will be followed by the new Cabinet. These policies are summarized as follows: (1) to build up a new Japan worthy of world trust; (2) to enhance the democratization process and social stability; and (3) to push economic reconstruction.

Of particular interest is the explanation contained under the heading of economic reconstruction. It is stated therein that priority will be given to key industries and "the Government will be prepared to take over control of such industries in case of necessity". It should also be noted that Dr. Ashida has declared support for all labor organizations of moderate tendency, that he is of the belief that "Communism and extreme political views are inimical to the healthy growth of democracy", and that "firm steps will be taken to combat" Red elements.

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<sup>1</sup> Despatch 170, March 17, from Tokyo, reported a conversation with Tetsu Katayama, who resigned on March 10 as Prime Minister. He wished to prevent the Social Democratic Party, of which he was head, from splitting over the question of cooperating with the Communist Party. (894.00/3-1748)

<sup>2</sup> Airgram 55, March 26, from Tokyo, reported on the dissolution of the Liberal Party and formation of the Democratic Liberal Party under Shigeru Yoshida, with former Baron Kijuro Shidehara as supreme adviser; this was the conservative group opposing the liberal group led by Prime Minister Ashida. (894.00/3-2648)

<sup>3</sup> Not printed.



Dr. Ashida also stated that for the time being he expects concurrently to hold the Foreign Minister's Portfolio in view of the difficulty which he foresees in selecting an individual of sufficient experience suitable for this post. He stressed that his chief aim will be to cooperate wholeheartedly with the aims of the Occupation and with American national policies vis-à-vis Japan, but added that it would be unrealistic for any Government to act otherwise.

Respectfully yours,

W. J. SEBALD

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740.00119 Control (Japan)/2-2748

*Mr. Frank G. Wisner, Deputy to the Assistant Secretary of State for Occupied Areas (Saltzman), to the United States Representative on the Far Eastern Commission (McCoy)*

TOP SECRET

WASHINGTON, February 27, 1948.

DEAR GENERAL MCCOY: As you know, Mr. Kennan<sup>1</sup> has recently left for Japan for discussions with General MacArthur on certain questions of basic importance to U.S. policy. The matters he will discuss are:

- a) United States security needs in the Pacific;
- b) Desirability of an early treaty with Japan with or without the Soviet Union; and
- c) Steps which can be taken now to speed up Japanese economic recovery.

Before Mr. Kennan left he requested that further action in matters which are going to be the subject of his discussions with General MacArthur be delayed until his return. Mr. Lovett<sup>2</sup> approved this suggestion.

I shall send you as soon as possible a list of those papers now before the FEC which the Department regards as falling within the subjects of Mr. Kennan's discussions with General MacArthur.<sup>3</sup> Meanwhile, will you and the members of your staff kindly avoid taking action on papers which in your judgment you feel would fall in the above categories.

Sincerely yours,

FRANK G. WISNER

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<sup>1</sup> George F. Kennan, Director of the Policy Planning Staff.

<sup>2</sup> Robert A. Lovett, Under Secretary of State.

<sup>3</sup> The list of papers was sent in a letter dated March 19 in which further suggestions were made as to "delaying action" but "without openly implying that the United States Government is reviewing its Japan policies" (740.00119 Control (Japan)/3-1948). In the meantime Mr. Kennan's travel schedule provided for visits to Okinawa and Manila before leaving Tokyo for Washington about March 22 (telegram 60, March 11, from Tokyo; 740.00119 Control (Japan)/3-1148).

894.00/2-2748

*The Acting Political Adviser in Japan (Sebald) to the  
Secretary of State*

RESTRICTED

TOKYO, February 27, 1948.

No. 127

[Received March 9.]

SIR: I have the honor to refer to the Foreign Service Regulations and to enclose copies of a letter dated February 24, 1948, addressed to General MacArthur,<sup>1</sup> and of a reply dated February 27, 1948, which I handed to Mr. James C. Y. Shen, of the Central News Agency of China, Tokyo, in my capacity as Chief of the Diplomatic Section of this Headquarters and Chairman, Allied Council for Japan. My reply was made at the request of General MacArthur, who personally approved the answers as submitted.

Respectfully yours,

W. J. SEBALD

[Enclosure]

*Reply on Behalf of General of the Army Douglas MacArthur*

RESTRICTED

TOKYO, February 27, 1948.

MY DEAR MR. SHEN: In response to the questions raised by you in your letter of February 24, 1948 to General MacArthur,<sup>1</sup> I am pleased on his behalf, to reply as follows:

*Question No. 1:* Is a resurgence of militarism possible in Japan, once the Occupation is ended? Is prolonged armed occupation necessary or sufficient to prevent it? If not, what is necessary and essential?

*Answer:* Japan has been completely disarmed; its armed forces are completely demobilized, military equipment has either been destroyed or turned into scrap, arsenals and dockyards have been or are being rapidly dismantled. The physical equipment for any possible military force simply does not exist. By Japan's unconditional surrender the Japanese people have been taught that militarism is a costly undertaking which defeats its own ends and brings suffering and disillusionment to its proponents. In my opinion, a resurgence of militarism in Japan is physically impossible for generations. In consequence, it does not appear necessary to continue indefinitely an armed occupation.

*Question No. 2:* What are the thorniest problems facing the occupation authorities?

*Answer:* It appears axiomatic that Japan can not be a peace-loving democratic nation unless, through its own efforts, guided and assisted

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<sup>1</sup> Not printed.

by the Allied nations, it is enabled to become self-sufficient in its economy and is able to exchange goods—raw materials and manufactured—with countries having such raw materials and which are able and willing to engage in such peaceful exchange. So long as countries refuse to engage in a peaceful interchange of goods with each other, so long will the economy of the Far East as a whole remain out of balance. I therefore believe that a serious and sincere effort on the part of all Allied nations to find a common ground for negotiation of the peace is essential.

*Question No. 3:* Has democracy come to stay in Japan? Can a proper leadership for post-occupation Japan finally evolve from among the various existing parties?

*Answer:* My answer to both questions is "Yes". I do not believe that a people who have tasted the fruits of democracy and who themselves are part and parcel of the democratic process would again willingly revert to their former slavery. Under the watchful guidance of the Occupation, the political parties of Japan have grown and have nurtured and practised democratic concepts. Leadership is coming to the fore among the many young men and women who have been given an opportunity to demonstrate their capabilities. I am confident that with further encouragement, guidance, and understanding from all the Allies, democracy in Japan is here to stay.

*Question No. 4:* Does Communism have a chance to spread in Japan?

*Answer:* Communism, the extreme left, is equally as bad as the extreme right. It is a creed of desperation which feeds upon hunger, hardship, and hopelessness. The Japanese have already thrown out the extreme right; given a reasonable chance to become a self-respecting, peace-loving, democratic nation, I am convinced that the Japanese will likewise refuse to accept Communism as a system.

Sincerely yours,

W. J. SEBALD  
*Chief, Diplomatic Section*  
*and*  
*Chairman, Allied Council for Japan*

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740.00119 Control (Japan)/3-148

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

SECRET  
No. 129

Tokyo, March 1, 1948.  
[Date of receipt not indicated.]

SIR: I have the honor to report that this Mission will, in the near future, submit to the Department a series of studies looking to what



we consider a desirable reorganization of the Occupation of Japan and to present, in the present despatch, a general survey of the scope of the series of projected studies.

## I

As a basic premise, the Mission is concerned with the apparent desirability for transformation of Occupation emphasis from that of exercising operational functions, to advisory and inspecting functions, and with preparation of material which may be of use should the Department desire to evolve a broad directive to bring about such transformation. Apart from purely military occupational problems, the Headquarters of the Supreme Commander for the Allied Powers (SCAP) has become intimately involved in Japanese governmental operating functions; the extent of such involvement will be an object of inquiry in this series of studies.

Although the Occupation has stemmed from a purely military operation, principles of broad scope to govern the Occupation were laid down in directives of the surrender and immediate post-surrender period. Military inception has inevitably guided the subsequent growth and evolution of the Occupation in the pursuit of these principles. We believe that the stage has now been reached where the Occupation in its present form retards rather than enhances the accomplishment of the principles themselves. In consequence, it would appear that a careful segregation of military and non-military functions of the Occupation is now necessary. Where the militarily-minded Occupation has heretofore not hesitated to enter directly into operating functions in an effort to bring about changes suggested by the basic principles, it now appears desirable and necessary to anticipate greater autonomy in the Japanese Government and to shift Occupation emphasis and duties to assistance, observation, and inspection.

This transformation appears to make desirable the setting up of a civilian deputy to the Supreme Commander to take charge of the non-military activities of the Occupation, and to become himself the ranking supervisory authority for the terms of the peace settlement when the Supreme Commander is withdrawn. Meantime, during the separation of military and non-military activities, the military forces would have as their principal functions tactical duties, policing and enforcement duties, surveillance duties, and logistic duties for the entire Occupation.

In preparing these proposals the Mission has borne closely in mind the statement made in Washington before the Far Eastern Commission by the United States member on January 21, 1948. The need for revival of the Japanese economy on a peaceful, self-supporting basis,

and the need for steps to insure that the Japanese Government and people energetically and effectively prepare and implement plans under which Japan can become self-supporting, have motivated this despatch and the series of studies to follow. Reduced costs to the United States, increased self-sufficiency to Japan, and the steady growth of a peaceful democratic Japan are equally sought.

## II

The naming of a civilian deputy to the Supreme Commander might presumably be accomplished without further international clearing; but it would seem preferable that the concurrence of the Far Eastern Commission nations be sought and obtained. While the Department is the authority in dealing with the Commission and may be better informed, it would appear from here that the Commission would not object to the appointment of a United States civilian as deputy to the Supreme Commander.

## III

The Mission is of opinion that the transformation proposed is practicable without relation to the time of an eventual peace settlement. The intercourse of the Occupation with the Japanese Government and people is in any event ripe for a segregation of the non-military from the military and for a withdrawal from purely operational functions into the advisory and inspectional. Regardless of possible delay in the peace settlement, we believe that the shift is desirable. The preponderant position of the United States in the Occupation in fact offers some favorable opportunity of effecting, by guidance, changes which cannot be anticipated as equally open to consummation with the conclusion of peace. Irrespective of length of the time elapse before the peace settlement, the proposed civilian deputy to the Supreme Commander would receive instructions only through the chain of authority now applicable to the Supreme Commander; policy decisions by the Far Eastern Commission and interim instructions of the United States Government would continue to be referred to the Joint Chiefs of Staff for the issuance of directives. If the Far Eastern Commission is continued in function by the peace settlement its policy decisions might be communicated much as before, except that the channel would presumably become the Department of State rather than the Joint Chiefs of Staff; and the fact that the functions of the civilian deputy should by then have become exclusive, with the withdrawal of the Supreme Commander, would not entail any administrative contradictions. If the United Nations or a United Nations agency should by the settlement displace the Far Eastern Commission in function, the chain would likewise be unaffected.

It should be observed that, so far as the questions here discussed relate to post-treaty United States representation in Japan, the Mission inclines strongly to the view that diplomatic representation should be kept carefully separate. In a situation in which treaty enforcement might involve international interests and a complex international chain of authority, it would appear essential that the Government of the United States be represented in Japan by an officer whose competence is clear and whose instructions and reports are direct. The experience of the Diplomatic Section as an integral part of General Headquarters is sufficient proof of this need. The further fact that a protracted enforcement of the peace terms might involve actions distasteful to the Japanese, primarily pressed by countries other than the United States, is additional reason for the independence of diplomatic representation.

#### IV

In the present organization of headquarters it might be natural to expect that the division between military and non-military functions follows the division of functions between General MacArthur on the one hand as Commander in Chief for the Far East (CINCFE), in which as an officer of the United States holding the Far East Command (FEC) he is in charge of United States forces in occupation, and General MacArthur on the other hand as Supreme Commander for the Allied Powers, in which capacity he is an international authority. The organizational problem, however, is not so simple. As Supreme Commander, part of his duties are military. Furthermore, certain of the staff sections set up as FEC staff sections in fact also perform SCAP functions. This applies, for example, to all the general staff sections (G-1, G-2, G-3 and G-4); there are no G sections set up as SCAP sections. The lack of fit between practice and theory is so far recognized that in the directory used by General Headquarters, FEC-SCAP segregation is not attempted.

The military personnel and Department of the Army civilian (DAC) personnel employed in the SCAP and FEC sections of this Headquarters total 4,352 persons (figures used are as of February 1, 1948, since when changes have been slight). This does not include: 2,055 persons (almost entirely Japanese) in those sections who are paid from the Occupation account of the Japanese Government; personnel of the Headquarters and Service Group (2,216 military plus 449 DAC plus 5,154 paid from Occupation, total 7,819), which looks after housing, billets, messes, motor pool, post exchanges, et cetera; nor certain units classified as installations (employing 584 military, 809 DAC, 2,923 paid from Occupation, total 4,316), of which the largest is the Civil Censorship Detachment (124 military, 336 DAC, 2,182 paid from Occupation, total 2,642).



Leaving to the military, in making a division between military and non-military functions, the maximum number of sections and units with which the civilian deputy to the Supreme Commander would not wish to be and should not be concerned, the following are the sections remaining, with personnel as of February 1, 1948:

<i>Section</i>	<i>Personnel, February 1, 1948</i>				
	<i>Military Officers</i>	<i>En- listed Men</i>	<i>DAC</i>	<i>Paid from Occu- pation</i>	<i>Aggre- gate</i>
Civil Communications	7	1	85	2	95
Civil Information and Education	14	24	202	323	563
Civil Property Custodian	16	19	255	189	479
Civil Transportation	1	2	47	0	50
Diplomatic and Allied Council for Japan (State payroll not in- cluded)	2	3	12	1	18
Economic and Scientific	33	40	589	527	1189
Government	15	9	98	0	122
Legal	30	17	220	332	599
Natural Resources	16	1	132	116	265
Public Health and Welfare	12	2	56	22	92
Reparations	7	0	73	14	94
Statistics and Reports	3	2	55	18	78
Translator and Interpreting Service	60	192	400	443	1095
Totals	216	312	2224	1987	4739

It will be noted that the largest section is the Economic and Scientific Section (ESS). An early despatch will present a study of the possible amenability of ESS functions to the proposed shift from operational to advisory and inspectional functions, particularly with regard to foreign trade. Another despatch will present a study of the desirable transfer of functions of the Government Section (GS), which has just commenced a process of gradual dissolution. Other studies in the series will be devoted to the remaining sections listed above with the same end in view wherever practicable.

## V

The occupying units, for example, the 8th Army, have their complete organizations separate from and additional to the Headquarters of General MacArthur in his capacity as United States Commander in Chief for the Far East. In attempting to draw more distinctly the line between military and non-military functions it is probably desirable to remove from the Headquarters in Tokyo all functions and personnel which are susceptible of being moved in the direction of the occupy-

ing forces. However, such reorganization possibilities and consequent personnel economies are a Department of the Army matter and are not the concern of the present proposals. The local governmental contact of the Occupation (Military Government) is fairly compact, is concerned particularly with local problems, and probably ought to be retained for some time.

It should be the effort of the civilian deputy to interfere as little as possible in discharge by the military of their duties, including those, such as logistics, performed for the Occupation. Separation is of the essence of the plan.

## VI

The Occupation principles contained in the directives of the time of the surrender and immediately thereafter have in practice come to be exceeded. In the field of politics, what began as an effort to eliminate the authority and influence of those who misled Japan into militarism has latterly become, in any instance thought sufficiently important, frank direction of what the Japanese Government should be and do. There has been no interference where the course pursued has been satisfactory; but, closely watching the progress of events, there has been no hesitation to intervene to prevent an undesired decision. Not less than 90% of the bills passed by the last Diet were Government Section bills, and it was a matter of common knowledge among the members that Headquarters desired their passage. (With time running close toward the end of the previous session of the Diet, two members of Government Section went personally on the floor and into the lobbies to make clear the insistence of Headquarters that certain bills pass.) More recently, the Central Screening Committee kept bringing private word to Headquarters that it seemed best to compromise the Hirano<sup>1</sup> issue and not find him ineligible for office, but word kept going back to try again, and he was finally thus purged. Most recently of all, Headquarters followed with the closest scrutiny the discussions among Diet members in the matter of determining upon a successor to Prime Minister Katayama, and we are convinced that if the Diet had been about to select Yoshida Shigeru as Prime Minister, Headquarters would have intervened to prevent that choice.

These are examples only, and many more could be cited in proof of what seems to us perfectly clear: that Occupation contact with Japanese politics has, up until the present, entailed actual operations in politics for motives or reasons which are difficult, if not impossible, to ascertain.

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<sup>1</sup> Rikizo Hirano, Japanese Minister of Agriculture and Forestry who resigned in November 1947.

In the field of economic affairs there can be not the slightest doubt, realized fully by the Japanese also, that Headquarters has become so directly involved in operations that individual Japanese companies and business men must and do present themselves at Headquarters in an effort to obtain even minute decisions necessary to carry on their enterprises. This will be particularly discussed in the study of the Economic and Scientific Section.

## VII

The Civil Censorship Detachment should be abolished. In our opinion, censorship has overstayed its usefulness in Japan, and now the fact that there is a censorship is a discomposing and doubt-raising factor among the populace, more harmful than the small gains resulting from its continued imposition. It would appear that the permanently necessary contribution of the censorship to intelligence can readily be absorbed by the continuing intelligence agencies. With the approaching end of the major war crimes trials before the international tribunal it also appears clear that the sections concerned therewith should likewise be abolished (the International Military Tribunal for the Far East, 43 military, 60 DAC, 41 paid from Occupation, total 144; and the International Prosecution Section, 9 military, 66 DAC, 155 paid from Occupation, total 230).

## VIII

It is our considered conclusion that a withdrawal by the Occupation from participation in Japanese operational activities is a necessary step toward a self-supporting, peaceful and democratic Japan. Basic Occupation principles are in fact retarded by present procedures and attitudes. Change to a civilian regime in the maximum holds, we believe, the best promise of breaking with the existing complications.

The civilian deputy to the Supreme Commander should rank with the Chief of Staff in the military hierarchy. In the chain of command, the division between military and non-military functions would take effect immediately beneath the Supreme Commander, the Chief of Staff thenceforth being concerned only with the military. The office of Deputy Chief of Staff for SCAP would be abolished and his functions would be performed under the civilian deputy. The civilian deputy's office should be in the Dai Ichi Building and near General MacArthur's office; his secretariat would logically be made up from the Diplomatic Section. The individual to occupy the position of civilian deputy should be proposed by the Department of State.

## IX

Diplomatic Section should absorb the vestigial performance, by a limited number of officers within it and taken into it, of functions re-



maintaining from abolished offices. It should in the course of time become the Headquarters' Political Section. It should be the agency of contact with the Japanese Government and should perform such functions of Government Section as require permanent performance. With this end in mind, DS should add to its staff in the near future a few officers taken over from other sections, including GS, for the purpose of maintaining continuity with important matters with which the Political Section must necessarily be concerned.

## X

The transformation contemplated would allow of considerable reductions in staff in line with the shift away from operational activities. The quantitative measure of such reductions can be more aptly considered in the individual studies to be subsequently submitted. Two studies now nearing completion will discuss the Economic and Scientific Section (with special reference to foreign trade) and the Government Section (with special reference to the program of exclusion from office) in their bearing upon desirable reorganization of the Occupation.

The considerations set forth in the present despatch are introductory and by nature hypothetical. If individual studies in the series hereafter tend to different conclusions, the Mission will not hesitate to alter the basic principles herein tentatively formulated.

Respectfully yours,

W. J. SEBALD

890.0146/3-148

*The Ambassador in China (Stuart) to the Secretary of State*

CONFIDENTIAL

NANKING, March 1, 1948.

No. 100

[Received March 10, 1948.]

SIR: I have the honor to refer to the Department's Instruction No. 12 dated January 27, 1948<sup>1</sup> referring to a memorandum of conversation in which the former Director of the East Asiatic Affairs Department of the Foreign Office, Mr. Yang Yun-chu, disclaims any official intent on the part of China to claim the Liu Chiu Islands.<sup>2</sup>

There is transmitted a memorandum of conversation<sup>1</sup> between an officer of the Embassy and Mr. Huang Cheng-ming, present Director of the Department of East Asiatic Affairs of the Foreign Office in which the latter declares that Mr. Yang's statements do not represent the present views of the Chinese Government. Although Mr. Huang

<sup>1</sup> Not printed.

<sup>2</sup> See despatch 477, June 22, 1942, from Chungking, *Foreign Relations*, 1942, China, p. 732.

states that he has no authority to speak officially on behalf of the Government, it would appear that the Chinese Government does not, in fact, adhere to the position formerly stated by Mr. Yang. It is probable that his statements did not at the time they were made represent a considered and authoritative expression of the Chinese Government's attitude on the question.

Respectfully yours,

For the Ambassador :  
LEWIS CLARK  
*Minister-Counsellor  
of Embassy*

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740.00119 FEAC/3-348

*Memorandum by the Director of the Office of Far Eastern Affairs  
(Butterworth) to the Secretary of State*<sup>1</sup>

RESTRICTED

[WASHINGTON,] March 3, 1948.

Subject: Admission of Pakistan to Membership in the Far Eastern Commission

*Problem:* To determine what attitude United States Government should take with regard to the application of Pakistan for membership in the Far Eastern Commission.

*Discussion:* The Department of State was notified on January 12, 1948, by Dr. Blakeslee of the American Delegation to the Far Eastern Commission that Pakistan had submitted a request to the Secretary General of the Far Eastern Commission for permission to become a member of the Commission. The terms of reference of the Far Eastern Commission state: "Membership of the Commission may be increased by agreement among the participating powers as conditions warrant by the addition of representatives of other United Nations in the Far East or having territories therein." On January 26, 1948, the British Ambassador under instructions from his Government informed the Department that he had been instructed to support the application of Pakistan for membership in the Far Eastern Commission and that in the opinion of the Government of the United Kingdom the views of the 11 participating powers could most conveniently be exchanged in Washington through the respective diplomatic representatives. He also pointed out that the Government of the United Kingdom presumes that the term "agreement" in the terms of reference means "unanimous agreement". On February 20, 1948, the Department replied to the British Ambassador stating its general agreement with the view that the terms of reference of the Far Eastern Commission require that an application for membership receive unanimous approval of the

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<sup>1</sup> Approved by the Under Secretary of State (Lovett), March 18.

member Governments and that the Far Eastern Commission, as a body, is not competent to take action on such applications. The Department also stated that, in the view of the United States Government, Commission machinery could appropriately be utilized as a means of polling the member Governments, the representatives on the Commission voting as representatives of their Governments rather than as members of the Commission.<sup>2</sup> The New Zealand representative on the Far Eastern Commission has informed the Department that the views of his Government are in substantial agreement with those expressed above and that with regard to the substantive aspect of the question New Zealand wholeheartedly supports Pakistan's application for membership. In view of the fact that Pakistan has become a member of the United Nations and has presumably inherited certain rights which it formerly shared with the Government of India on Far Eastern matters it is believed that it would be difficult to oppose the application of Pakistan for membership in the Far Eastern Commission.

*Recommendations:*

1. The United States should favor the admission of Pakistan as a member of the Far Eastern Commission.

2. The machinery of the Far Eastern Commission should be utilized as a means of polling the member Governments, the representatives on the Commission voting in such case as representatives of their Governments rather than as members of the Commission.

3. The United States should take the position that the application of Pakistan for membership in the Commission must receive the unanimous approval of the member Governments of the Commission.

4. The United States member on the Far Eastern Commission should be instructed in the sense of Recommendations 1, 2 and 3 above.

*Concurrences:* Concurrences have been received from the following Offices and Divisions: A-S, FE, SOA and NA.<sup>3</sup>

<sup>2</sup> A written reply to this effect was dated March 1, not printed.

<sup>3</sup> Mr. Lovett approved on March 18.

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894.011/3-448

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

CONFIDENTIAL  
No. 143

Tokyo, March 4, 1948.  
[Received March 10.]

SIR: I have the honor to forward herewith copy of an article <sup>1</sup> which appeared in the *Nippon Times* of February 25, 1948, regarding a con-

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<sup>1</sup> Not printed.



ference given to the press by a member of the Government Section of this Headquarters, in which he criticized the fact that, when the Katayama Cabinet recently submitted its resignation, report of the resignation was made to the Emperor.

The Headquarters' spokesman is reported to have condemned Japanese bureaucrats for attempting to use the Emperor during the recent Cabinet crisis, which brought about the resignation of the Katayama Cabinet, in a manner not justified by the Constitution. The unjustified utilization of the Emperor occurred when the late Katayama Cabinet submitted its resignation to the Emperor in accordance with traditional Japanese practice under the Meiji Constitution. It may be noted that this is the first occasion under the new Constitution when a question could have arisen in connection with a Cabinet resignation. The spokesman, in consequence of this Headquarters' attitude on the question, recommended amendment of Article 7 of the present Constitution to prevent misuse of the Imperial system by a bureaucracy which, he stated, tortured the attestation function assigned to the Emperor by Article 7 by permitting the Cabinet to report its resignation to the Throne.

The concern of this Headquarters over the matter is allegedly based upon the fact that no mention of such a practice can be found in the new Constitution. The spokesman stated to an officer of this Mission that the outgoing Cabinet had apparently felt impelled to submit its resignation to the authority empowered to attest the appointment of its members, that is to the Emperor. This attestation authority is granted by Article 7 of the Constitution. In only two articles of the Constitution, Articles 69 and 70, is mention made of the resignation of the Cabinet, resignation en masse being stipulated in case of a non-confidence resolution of the House of Representatives or of a vacancy in the post of Prime Minister. No mention, however, is made of the organ to which the resignation shall be submitted. It would appear to be the interpretation of General Headquarters, henceforth to be followed in Japanese constitutional practice, that the act of resignation is purely administrative in character and that it does not involve the Emperor in any manner.

In pronouncing upon the report of the Cabinet's resignation, the Headquarters' spokesman left undecided the question whether or not the Prime Minister, whose appointment as well as the attestation thereof is made by the Emperor, may not alone report his own resignation to the Throne. In the light of Article 6 of the Constitution, which empowers the Emperor to appoint the Prime Minister, and of Article 68, which in turn empowers the latter both to appoint and to remove Ministers of State, such a separate and distinct act of resignation

would not appear out of question. Article 70 would then render necessary the subsequent resignation of the remainder of the Cabinet en masse. The possibility, however, of the Prime Minister's standing apart from the rest of the Cabinet in this respect would seem to have been rejected by Japanese officialdom itself in the present case. The special relation of the Prime Minister to the Emperor through the appointing power does not appear, therefore, to entail any special consequence with regard to procedure of resignation, and it may be assumed that a report by the Prime Minister to the Throne of his own resignation would have been met with the same disapproval as has been shown for the report of the entire Cabinet's resignation.

It was also disclosed by the spokesman to an officer of this Mission that the concern of Government Section over this matter had been engendered by information which, in that Section's view, indicates that pre-war, nationalistic elements in and around the Government are striving to re-establish the Emperor in his pre-war position of authority.

Notwithstanding this consideration and the apparent intention of the spokesman's pronouncement, that Japanese constitutional practice shall eschew reporting a cabinet's resignation to the Throne, we are unable to comprehend how a constitutional interpretation rendered in this manner could have legal validity other than that which might temporarily be conferred by the authority of the Occupying power. We furthermore believe that this action constitutes a dangerous precedent for interpretation of the meaning of the Constitution by fiat in the post-Occupation period, and that it may give rise among the Japanese to an undesirable belief that their organic law means what "higher authority" wishes it to mean, thereby undermining the entire concept of constitutional and democratic government.

Respectfully yours,

W. J. SEBALD

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740.00119 Control (Japan)/3-548

*The Acting Political Adviser in Japan (Sebald) to the Secretary  
of State*

No. 145

Tokyo, March 5, 1948.

[Received March 11.]

SIR: I have the honor to refer to this Mission's despatch No. 109 of February 18, 1948<sup>1</sup> and to previous correspondence in regard to meetings of the Allied Council for Japan, and to forward as enclosures<sup>2</sup>

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<sup>1</sup> Not printed.

<sup>2</sup> Enclosures not printed.

five copies each of the Agenda and Corrected Verbatim Minutes of the fifty-third meeting of the Council held on March 3, 1948.

There was one official matter on the Agenda, "Regarding the New Japanese Government", proposed for discussion by the Acting Soviet Member. The Acting Soviet Member opened the discussion by reading from a prepared statement. He emphasized the importance to Japanese democratization of the change in cabinets and said that the Katayama Cabinet and previous cabinets had done nothing to improve economic conditions in Japan and that in fact the situation was becoming more acute. This crisis had resulted, he claimed, from the fact that throughout the Occupation no conditions were created which would allow the Japanese people to form a government representative of a majority of the people and empowered to implement really democratic reforms. He then asserted that the Shidehara, Yoshida, and Katayama Cabinets had all contained ministers who should have been excluded from public office in accordance with Allied policy and Occupation directives; as ministers subject to purge in the Katayama Cabinet, he named Ashida Hitoshi, Nishio Suehiro, Morito Tatsuo, Miki Takeo, Hitotsumatsu Sadayoshi, and Hatano Kanae. Thereupon he began an attack on the record of Dr. Ashida. (A copy of the Acting Soviet Member's statement, which he subsequently distributed to the press, is enclosed.<sup>3</sup>

At this point I interrupted the reading of the Acting Soviet Member's statement and ruled that his remarks were out of order. In the ensuing discussion, I supported my ruling by stating that the Allied Council was not the proper place for an examination of the qualifications of government officials and that an attack upon individuals now under consideration for posts in the Japanese Government constituted an interference with the freely expressed will of the Japanese people in violation of the Potsdam Declaration and other statements of Allied and Occupation policy. I pointed out that machinery had been duly established to administer the purge and any relevant information should be conveyed to the appropriate authorities. I stated that there is no authority in any of the controlling documents for the Allied Council which allows members to interfere in the selection of a new cabinet.

The Acting Soviet Member insisted that this ruling was in violation of the right of Council members to express their opinions and requested the views of the other members. The Member for China stated that he agreed with the Supreme Commander—from whose public statement on the formation of a new Japanese cabinet I had previously read—that the solution of internal political issues is primarily the

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<sup>3</sup> Not printed.



responsibility of the representatives of the Japanese people. The British Commonwealth Member concurred that the Council should not examine into the qualifications of individual political leaders and should not interfere with the democratic processes of the Japanese Government; he further stated that the Allied Council in the present situation could properly urge the early formation of a new coalition government and should assure itself that the terms of the Japanese Constitution, the provisions of the Terms of Surrender, and the policies of the Occupation are properly executed.

In conclusion, I emphasized that the Acting Soviet Member was at liberty to express his views, provided that his remarks were in conformity with the general principles for which the Allied Council was established. As the Acting Soviet Member continued to insist that he should be allowed to complete his statement, regardless of content, I adjourned the meeting.

Respectfully yours,

W. J. SEBALD

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740.00119 Control (Japan)/3-1548

*Memorandum of Conversation, by the Chief of the Division of  
Philippine Affairs (Ely)*

SECRET

[WASHINGTON,] March 15, 1948.

General McCoy sent me word that he would like to see me in regard to the situation which had arisen in the Commission as a result of a decision by SCAP to send a member of his staff to the Provisional Frequency Board at Geneva. The United States representative on FEC had informed the Commission of this decision and also that the Supreme Commander said that his Director of the International Radio Division would be seriously handicapped in the Geneva meeting unless he had available the technical advice of a qualified Japanese national who was familiar with the specific requirements of Japan. The United States representative informed the Commission that in the opinion of this Government SCAP's decision pending a policy decision of FEC lay within the area of SCAP's discretion as sole executive of the Allied Powers. The Russian delegation took exception to this position and proposed a policy decision to the effect that sending a Japanese expert was inadvisable.

General McCoy stated that in the discussion which resulted the only delegate to support the Russians was Mr. Jovellanos who has been sitting as alternate for General Romulo. General McCoy stated that when he discussed this question with Mr. Jovellanos he was informed that he was acting under instructions from his government,

whereupon General McCoy discussed the matter with General Romulo. General Romulo confirmed the statement that they were acting under instructions and added an explanation of the reasons. He stated that the Philippine Government was deeply concerned at what they thought was the tendency of the United States Government to adopt what he described as a "soft" policy toward Japan. He said the Filipinos felt that the result of this policy would be to build up Japan again to a point where she dominated the Far East and that the Filipinos were still bitterly hostile toward the Japanese and wanted nothing done that would restore them to even a semblance of their former power. They recognized that the Japanese were an intelligent and industrious people and unless stern control was maintained they would again emerge as a powerful force in the Orient.

I told General McCoy that it was probable that the opposition to sending a Japanese expert to Geneva was undoubtedly the result of a somewhat similar case where SCAP proposed to send Japanese technical men to the FAO conference in Baguio against which the Secretary of Foreign Affairs had taken a very strong position. This matter had received a great deal of attention in the Philippine press and the Secretary of Foreign Affairs was widely acclaimed for his stand. While sending a man to Geneva would be quite a different matter, in the eyes of the general public in Manila, the situation would be virtually the same. General McCoy stated that there were enough votes in FEC to sustain SCAP's position but that the final voting had been postponed in order to permit Jovellanos to request final instructions from his Government. I remarked that I thought there was undoubtedly a growing feeling in the Philippines that we were adopting a too lenient attitude toward the Japanese which President Roxas probably shared, but that I thought if the exact phraseology which was being considered in FEC were brought to President Roxas' attention he might hesitate to instruct his delegates to support what was after all a direct rebuke to General MacArthur. We discussed the advisability of having our Ambassador at Manila<sup>1</sup> bring this matter to President Roxas' attention but agreed that the situation did not warrant such action primarily because the Russian proposal was sure to lose even with Philippine support. However, General McCoy felt that the Embassy should be informed of these instructions and these attitudes of the Philippine delegation in order that they might be supplied with background information which would enable our representatives to point out as opportunity offered, or perhaps under later direction of the Department, the reasons which impelled this government to seek relief from the heavy burden of supporting the Japanese economy.

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<sup>1</sup> Emmet O'Neal.

General McCoy thought that both the Department and the Embassy should be made aware of the Philippine Government attitude, which to a considerable extent is shared by China, although China had not supported the Russian proposal.

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894.00/3-1748

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

CONFIDENTIAL

No. 172

TOKYO, March 17, 1948.

[Received March 26.]

SIR: I have the honor to enclose five copies of General Order No. 4, March 13, 1948,<sup>1</sup> issued by General Headquarters, Supreme Commander for the Allied Powers, on the subject of "Intelligence Targets in Japan".

The Department's attention is respectfully invited to subparagraphs *d*, and *e*, of paragraph 6 of the enclosure, from which it would appear that this Mission, in its capacity as Diplomatic Section of this Headquarters, is precluded from exclusive exploitation of any intelligence material and records in Japan unless a request is made through the Translator and Interpreter Service, Document Section, Tokyo, under control of the Assistant Chief of Staff, G-2; and further, from sending any reports, publications, etc., of possible intelligence value to the Department without prior clearance through the Assistant Chief of Staff, G-2.

A literal reading and construction of General Order No. 4 would prohibit all objective reporting on the part of this Mission, unless the Chief of Mission is prepared to submit reports having a "possible intelligence value" to G-2 Section for approval. On the other hand, to continue reporting to the Department on subjects pertaining to the Japanese situation might, it is believed, subject me, as Chief of the Diplomatic Section, to possible reprimand by the Supreme Commander.

It is not my intention to raise this question with the Supreme Commander in view of possible misunderstanding to which any conceivable approach on this subject might give rise. As the Department is aware, by the integration of this Mission into General Headquarters its freedom of operation in the normal sense was largely lost. It is my understanding, however, that the Department has not abandoned the principle that its officers in any foreign country, if they are properly

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<sup>1</sup> Not printed.



to carry out their functions, must be free to report objectively concerning matters of interest to the Department.

It is my considered recommendation to the Department that no issue be made of this question at the present time, as to do so might perhaps destroy the pleasant and smooth working relationships which have been established between this Mission and the Supreme Commander and his Headquarters.

This despatch, therefore, is written primarily with a view to apprising the Department of the difficult circumstances which appertain to our efforts to accomplish our mission in Japan.

Respectfully yours,

W. J. SEBALD

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740.0011 PW (Peace)/3-1948

*Memorandum of Conversation, by Mr. Hugh Borton, Special Assistant to the Director of the Office of Far Eastern Affairs (Butterworth)*

CONFIDENTIAL

[WASHINGTON,] March 19, 1948—3 p. m.

Mr. Graves<sup>1</sup> called at his own request to present informally, under instructions from his Government, certain suggestions in reference to the Japanese Peace Conference. Mr. Graves stated that he would appreciate our comments on these suggestions as they anticipate queries in Parliament in the near future and as there was considerable opinion in England that we should go ahead with at least one of the treaties where it seemed possible agreement might be reached.

*U.S. Approach to Chinese Government*

Mr. Graves reported that his Government was of the opinion the U.S. was in a strong position to approach the Chinese Government and to suggest that it abandon its former position of demanding a veto at the Peace Conference. On the assumption that the FEC countries were willing to proceed with a peace treaty without the participation of the Soviet Union, it seemed obvious that the Chinese position had been the real reason for the delay in beginning negotiations on the treaty. Consequently, Mr. Graves emphasized that an approach by us now to the Chinese might break the deadlock. Any objections by the Chinese that their vital interests would not be protected unless they had a veto could be met by pointing out that any country has in fact a veto through its ability to refuse to sign a treaty or to ratify it. Furthermore, the Chinese could be told that the other Allies were approaching the question of the treaty in a rational manner and if China could make a strong case on any particular point, the other Allies might be

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<sup>1</sup> Hubert A. Graves, British Counselor of Embassy.

persuaded to accept China's position. As for voting, Mr. Graves stated that the two-thirds majority vote was still the method which they preferred. Mr. Graves added that the present moment was the most advantageous for approaching the Chinese because of our plans to give them aid. He concluded that if a peace treaty is indefinitely postponed it is possible that conditions in China will deteriorate to such an extent that the Chinese Government will collapse and hence it would be impossible for the Chinese to participate in the treaty negotiations. Obviously, a treaty without both the Soviets and the Chinese would be of little value.

#### *Deleterious Effects of Prolonging Occupation*

Mr. Graves raised a question as to whether there might not be harmful effects from prolonging the occupation of Japan now that the surrender terms have been largely complied with. It was his estimation that at least 90 or 95 percent of the various provisions of the surrender instrument had been carried out, so the immediate need for the occupation no longer exists. In view of the great skill with which General MacArthur had administered Japan, and of the fact that the Japanese had developed such great respect for him and for the American occupation forces, Mr. Graves concluded that it would be unfortunate if we underestimated the possible injury to Japanese sentiment by continued prolongation of the occupation.

#### *Development of Japanese Self-reliance*

Mr. Graves stated that it was important for Japan to rely increasingly less and less on American assistance and resources and to learn to get along on its own. By assistance and resources Mr. Graves referred both to the intangible assistance which the occupation authorities are giving the Japanese through their supervision over and guidance of the Japanese Government and the tangible goods which we are importing into Japan. While he admitted it would be necessary to provide Japan with material goods to assure its rehabilitation, on the other hand any program for Japanese rehabilitation should be based as much as possible on existing and potential Japanese skills and materials. In other words, Japan should be made as independent as possible of the United States. This suggestion implied, he stated, that his Government was thinking in terms of loose international controls over Japan after the treaty, such controls to be limited to supervision of such things as imports and exports and the prohibition of primary war industries.

For notes on these three points see the attached which Mr. Graves left with me.<sup>2</sup>

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<sup>2</sup> Not printed.

*Political Advantages of Early Withdrawal of Occupation Forces*

Mr. Graves introduced his remarks on the political advantages to the Allies of early withdrawal of the occupation forces by saying that he realized the problem was a difficult one and merely wished to make certain comments for our consideration. From a strictly military point of view, he clearly saw that it would be to our advantage in reference to our position toward the Soviet Union to leave our military forces in Japan for the immediate future. From a political point of view, however, he was of the opinion that the withdrawal of United States occupation forces from Japan would contribute to the alignment of Japan with the Western democracies. He saw no real danger of Japan becoming Communistic, after the withdrawal of the occupation forces, even in view of the Communist influence in the transportation and communication labor unions, because of the inherent dislike of the Japanese for Communism. He argued that if Japan were left a master of its own political future, Japanese political leaders would then take a strong stand against Communist elements in Japan. The permanent effect of such military withdrawal on Japan's alignment with us would, in his opinion, be far more to our advantage than any possible dangers which might result.

Mr. Graves said that Mr. Gascoigne,<sup>3</sup> British representative in Tokyo, had already raised some of these questions with Mr. Kennan.

Mr. Graves concluded this part of the conversation at 3:35 p. m. and then discussed the interest of the British Government in an FEC decision on level of industry in Japan. These remarks are contained in a separate memorandum.

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<sup>3</sup> Sir Alvary Gascoigne, head of United Kingdom Liaison Mission in Japan, with rank of Ambassador.

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740.0011 PW (Peace)/3-2348

*Memorandum by the Special Adviser on Geography (Boggs), of the Office of Intelligence Research, to Mr. Maxwell M. Hamilton, Special Assistant to the Secretary of State*

SECRET

[WASHINGTON,] March 23, 1948.

Subject: The Habomai Islands and Shikotan

You have several times requested further information and my views relating to the chain of small islands lying east of the easternmost tip of Hokkaido and parallel and to the southeast of the island of Kunashiri.

I understand that what you wish to have is simply a geographer's viewpoint as to whether these islands belong geographically to the



Kuriles. In other words, how a geographer, using the data of geologists, physiographers, botanists and others, would classify and describe the islands, disregarding entirely their political history.

A somewhat comparable problem of classifying islands may be found in the islands of Trinidad and Tobago, adjacent to Venezuela and the southernmost islands of the Lesser Antilles. In that case Trinidad is geographically regarded as an island belonging to South America, and Tobago as belonging to the Lesser Antilles even though it does not belong to the main chain, the southernmost of which is Grenada. Trinidad and Tobago, however, are both British and administered together as "Trinidad and Tobago".

Your question, as I understand it, is essentially whether the Habomais and Shikotan in their relation to Kunashiri and the main chain of the Kuriles are analogous to Trinidad and Tobago. We do not have as complete information regarding the geology, physiography, natural vegetation, etc., of the Habomais and Shikotan as we have of Trinidad and Tobago. But, on the basis of available information, it is my opinion that these islands may be properly classified as geographically separate from, and not a part of, the Kuriles. They appear to constitute an extension of the eastern peninsula of Hokkaido. They are geologically older than the Kuriles proper and a distinction can properly be made on the basis of physiography and surface relief. Shikotan and the smaller islands between it and Hokkaido are regarded as constituting the subdued remains of a "frontal zone" of late Mesozoic volcanic islands, and are thus in contrast with the Pleistocene and modern volcanism and the much bolder relief of the Kuriles proper. The Japanese geologist, Saso Yasuo, classifies the structures of Shikotan as effusive and intrusive rocks of two periods in the upper Cretaceous, with an intervening series of sandstones and shale; in some places, these bear a veneer of Pleistocene terraces and recent alluvium (\*).

It is equally possible to regard the Cenozoic structures of the larger Kurile Islands as a northeastward extension of Hokkaido, or indeed as a southwestward extension of Kamchatka.

I do not know how relevant this information is to the solution of the problem. I have been unable to find that any map was used at the Yalta Conference in connection with that part of the agreement relating to the Kuriles. From all that I have been able to learn, in talking with Mr. Bohlen<sup>1</sup> and others, there appears to be no basis for believ-

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\*Saso Yasuo (of the Department of Geology and Mineralogy, Hokkaido Imperial University), "A Preliminary Note on the Geology of the Island of Shikotan," *Proceedings of the 5th Pacific Science Congress*, vol. III, Toronto, University of Toronto Press, 1934, pp. 2479-82. [Footnote in the original.]

<sup>1</sup> Charles E. Bohlen, Counselor of the Department, was Assistant to the Secretary of State for White House liaison at the time of the Yalta Conference, February 4-11, 1945.

ing or supposing that the Habomais and Shikotan were specifically in mind at the time.

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694.0031/3-2348 : Telegram

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

CONFIDENTIAL      PRIORITY

TOKYO, March 23, 1948.

70. Cite C-59441. Kennan for Lovett: On this last day of my visit in Tokyo, Under Secretary Draper has brought to my attention the paper SFE 196 of June 20, 1947 of the State-War-Navy Coordinating Subcommittee for the Far East, concerning the "abrogation of restrictive contracts of Japanese firms in international trade".<sup>1</sup>

This was the first time that this paper had come to my attention. I strongly urge that we withdraw this paper and do not press for any further action along these lines.<sup>2</sup> My reasons are the following:

1. I personally am not satisfied that these policies of decartelization with respect to ex-enemy countries are sound or desirable. They rest, as far as I can see, on the strong views and convictions of a relatively small group of people who view the respective problems exclusively from the standpoint of economic theory and whose enthusiasm and singleness of purpose have sufficed to get them documented as US Government policy. The concepts behind the decartelization program happen to be ones strongly supported by the Russians for political reasons related to their aggressive foreign policy program. This alone leads me to believe that the extreme decartelization policy should be thoroughly re-examined from the political, as well as the economic, standpoint. I am not aware that this has ever been done.

2. I distrust all state papers which are so esoteric and complicated that they surpass the comprehension of the ordinary reasonably-informed individual. Such papers may or may not have inner justification; they are seldom effective. The paper under discussion is a paragon of this sort of scholasticism.

3. Our preoccupation with matters of this sort reflects a serious lack of sense of proportion with regard to the problems of occupation in Japan. The matters treated in this paper are insignificant in comparison with the real problems, political, military and economic, which face us here today. To one in Tokyo, a paper of this sort exudes an atmosphere of unreality. Japanese foreign trade, in the normal sense, is still almost moribund. Japanese cannot travel, they cannot communicate with people abroad, except under SCAP supervision. The international connections of Japanese companies have been thoroughly shattered by the course of events; few legalistic provisions were needed to complete this process. By virtue of the decon-

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<sup>1</sup> Not printed.

<sup>2</sup> A Department memorandum requesting withdrawal of the paper for further consideration was received by the Secretary of SANACC (Moseley) and the paper was withdrawn on May 11.

centration program, many of these companies are now in process of being broken up, and their shares are in the hands of the government. What happens to their previous contracts among each other is anybody's guess, and its significance today is outstandingly theoretical.

4. This represents the type of interference in Japanese affairs which is no longer justifiable in the light of time and circumstance. We have already given the Japanese a great deal in the way of democratic reform. Our main problem today is to get them to accept the responsibilities implicit in democratic institutions and to strike out on their own in a really democratic way. If their decartelization laws are still not perfect, Japanese society will now have to find within itself the impulse and inspiration to correct the remaining deficiencies. For US to continue to press matters of this sort will not contribute to that spirit of self-reliance which will be essential if the Japanese are to meet the unprecedented strains of the coming period.

5. This is a good example of the type of paper which I think should not be put through FEC. Its relation to the execution of the terms of surrender is decidedly remote. It commits us to the other Allies on matters in which few of them are likely to take an active or intelligent interest and in which there is no need, either legal or practical, for US to be committed. Above all, it tends to encourage the growth of FEC into a species of super-government for the administration of Japan by remote control when the situation cries out for exactly the opposite.

I have set forth the above considerations at such length because I think them applicable not only to this paper but to many of the ideas still prevalent at home concerning the preparation of directives for SCAP; and I am sending them in this way because this matter illustrates so clearly the sort of problem to which we shall now have to turn our attention and which I shall be prepared to discuss at greater length upon my arrival.

SEBALD

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740.0011 PW (Peace)/3-2548

*Memorandum of Conversation, by Mr. Hugh Borton, Special Assistant to the Director of the Office of Far Eastern Affairs (Butterworth)*

CONFIDENTIAL

[WASHINGTON,] March 25, 1948.

Following the FEC meeting, Mr. Liu, who is the Chinese representative on Committee 3, raised informally the question of a Japanese Peace Conference. In answer to the question as to how long we could afford to continue without a conference and when we expected one would be called, I told Mr. Liu I had no idea in view of the three different positions taken by the interested governments. He stated that in recent conversations with Mr. Dolbin of the Soviet Delegation it was clear that the Soviets continued to hold firm to their position. As for



the Chinese, Mr. Liu said that they could not afford to attend a conference voting by two-thirds majority as the British Commonwealth countries would always have enough votes to veto any Chinese proposal. In reply to a question as to what our present position was and whether we intended to go ahead without the Soviet Union, I said that so far we had been unable to discover a formula that would be acceptable to all concerned.

Ambassador Koo then joined the conversation and said that as far as he could see it would be very difficult to have a conference at the present time.

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740.00119 Control (Japan)/3-2548

*Report by the Director of the Policy Planning Staff (Kennan)*

TOP SECRET  
PPS 28

[WASHINGTON,] March 25, 1948.

RECOMMENDATIONS WITH RESPECT TO U.S. POLICY TOWARD JAPAN <sup>1</sup>

I. THE PEACE TREATY

1. *Timing and Procedure.*

This Government should not press for a treaty of peace at this time. It should remain prepared to proceed with the negotiations, under either the two-thirds rule or the FEC voting procedure, if at any time the other Allied powers can agree among themselves on one of these procedures. Meanwhile, we should concentrate our attention on the preparation of the Japanese for the eventual removal of the regime of control.

2. *The Nature of the Treaty.*

It should be our aim to have the treaty, when finally negotiated, as brief, as general, and as nonpunitive as possible. To this end we should try to clear away during this intervening period, by direct action, as many as possible of the matters which might otherwise be expected to enter into the treaty of peace. Our aim should be to reduce as far as possible the number of questions to be treated in the peace treaty. This applies particularly to such matters as property rights, restitution, etc. Our policy for the coming period should be shaped specifically with this in mind.

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<sup>1</sup> A table of contents listed as follows: "I. Recommendations [;] II. Memoranda of Conversations with General of the Army Douglas MacArthur (A) March 1, 1948 (B) March 5, 1948 (C) March 21, 1948 [;] III. Discussion". II and III follow here as Annexes 1 and 2.

## II. SECURITY MATTERS

*1. Disposition of our Tactical Forces in the Pre-Treaty Period.*

Tactical forces should be retained in Japan for the coming period; *but* every effort should be made to reduce to a minimum their numbers, their cost to the Japanese economy, and the psychological impact of their presence on the Japanese population. The arrangements for their location, support, and employment should be determined with this in mind.

*2. The Post-Treaty Arrangements.*

The United States tactical forces should be retained in Japan until the entrance into effect of a peace treaty. A final U.S. position concerning the post-treaty arrangements for Japanese military security should not be formulated until the peace negotiations are upon us. It should then be formulated in the light of the prevailing international situation and of the degree of internal stability achieved in Japan. If Russia has not been extensively weakened and sobered by that time or if Japanese society still seems excessively vulnerable in the political sense, we should either postpone the treaty or insist on a limited remilitarization of Japan, preferably under U.S. guidance and supervision. But if by that time the Russian situation should really have changed for the better and if we are reasonably confident of the internal stability of Japan, we should aim at a complete demilitarization, guaranteed by an international treaty of the most explicit and concrete nature, to which the Russians would be a party.

*3. Okinawa.*

The United States Government should make up its mind at this point that it intends to retain permanently the facilities at Okinawa, and the base there should be developed accordingly. The problem of obtaining international sanction for our permanent strategic control of the islands should be studied at once in the Department of State.

*4. The Navy.*

The Navy should retain until the peace treaty its present facilities in Japan. It should shape its policy in the development of the Yokosuka base in such a way as to favor the retention on a commercial basis in the post-treaty period of as many as possible of the facilities it now enjoys there. Meanwhile, it should proceed to develop to the maximum the possibilities of Okinawa as an advance naval base, on the assumption that we will remain permanently in control there.

*5. The Japanese Police Establishment.*

The Japanese police establishment should be strengthened by the reinforcing and re-equipping of the present forces, by the creation of

a strong and effective coast guard, and by the establishment of a central organization, under American expert supervision, along the lines of our FBI. SANACC should be directed to work out the detailed directives to SCAP for the implementation of this recommendation.

### III. THE REGIME OF CONTROL

#### 1. *SCAP.*

This Government should not—at this time—propose or consent to any major change in the regime of control. SCAP should accordingly be formally maintained in all its existing rights and powers. However, the scope of its operations should be progressively reduced to a point where its mission will consist largely of general observation of the activities of the Japanese Government and of contact with the latter at high levels on questions of broad governmental policy.

#### 2. *FEC.*

No move should be made by this Government at this time to terminate the existence of the FEC. However, we should begin to discourage the consideration by the FEC of new papers which do not relate strictly to the execution of the terms of surrender. On matters not related to the execution of the terms of surrender, this Government should issue unilateral directives to the Commander-in-Chief in his capacity as CINCFE. These would not be called interim directives. However, in matters which *do* relate to the execution of the terms of surrender, we should not hesitate to use the interim directive wherever we fail to obtain prompt action in the FEC.

#### 3. *Allied Council.*

The Allied Council should be continued, and its functions unchanged.

### IV. OCCUPATIONAL POLICY

#### 1. *Relations with the Japanese Government.*

Instructions should be given to SCAP that in the coming period its various sections should take particular care not to interfere or participate directly in the work of the Japanese Government or to perform functions which would normally be the responsibilities of agencies or officials of the Japanese Government. Its functions should be reduced as rapidly as possible to those of general supervision; and it should deal with the Japanese Government, as a rule, only at a high level and on matters of broad policy. This would apply particularly to the activities of the Economic and Scientific Section.

#### 2. *The Reform Program.*

While SCAP should not stand in the way of reform measures initiated by the Japanese if it finds them consistent with the overall



objectives of the occupation, it should be authorized not to press upon the Japanese Government any further reform legislation. As for reform measures already taken or in process of preparation by the Japanese authorities, SCAP should be authorized steadily but unobtrusively to relax pressure on the Japanese Government in connection with these reforms, and to permit the Japanese authorities to proceed in their own way with the process of implementation.

### *3. The Purge.*

SCAP should be directed gradually to permit the relaxation of the purge along the following lines: (1) Categories of persons who have been purged by virtue of their having held relatively harmless positions should be made re-eligible for governmental, business and public media positions; (2) certain others barred from public life should be allowed to have their cases re-examined on the basis of personal actions rather than on the basis of positions occupied; and (3) a lower age limit should be fixed, under which no screening for public office would be required.

### *4. Occupation Costs.*

Measures should be taken to bring about a drastic reduction in the costs of the occupation borne by the Japanese Government. If this cannot be accomplished in any other way, then arrangements should be made to cover many of the costs of occupation, particularly those pertaining to personal services, by payment in dollars, which in turn should be used for financing of Japanese imports.

### *5. Economic Recovery.*

Economic recovery should be made the prime objective of United States policy in Japan for the coming period. It should be sought through a combination of a long-term U.S. aid program envisaging shipments and/or credits on a declining scale over a number of years, and by a vigorous and concerted effort by all interested agencies and departments of the United States Government to cut away existing obstacles to the revival of Japanese foreign trade and to facilitate the restoration and development of Japan's exports. Detailed recommendations concerning the implementation of the latter point should be worked out between War and State Departments following Under Secretary Draper's return to Washington; and White House authority should be, if necessary, invoked to see that the cooperation of all agencies and departments of the Government is enlisted in the implementation of these recommendations.

## 6. *Reparations.*

We should announce that our Government is not prepared to permit the removal of reparations items from Japan in excess of the existing 30% project; that removals under this project will be restricted to such as do not materially prejudice the economic recovery of Japan; and that these removals will have to be completed by July 1, 1949; that no plants not earmarked for removal under this project will be retained on the reparations list; and that the United States will oppose the exaction of reparations from Japan under any future peace treaty unless a form can be found for such reparations payments which is practical, economical, favorable to the general economic development of the Far Eastern area and not burdensome to any single one of the Allied nations, directly or indirectly. SCAP should then be directed to make final determination of the facilities subject to removal under the 30% program, and to remove all other plants from the list of those earmarked for reparations. But it should be required to take care to see that primary war facilities thus removed from the list are disposed of in a manner consistent with the requirements of Japanese demilitarization. (The above recommendation should be checked and if possible correlated with the findings of the Draper mission, before implementation.)

## 7. *Property Matters.*

SCAP should be directed to force the pace of the restoration or final disposal of property of United Nations members and their nationals in such a way that the process will be substantially completed by July 1, 1949. It should be the objective of U.S. policy to have property matters straightened out in advance of a treaty of peace in order that they may not hamper treaty negotiations. Meanwhile we should continue our efforts to obtain an exact listing of Japanese external assets with a view to setting these off, eventually, against the reparations claims of FEC countries.

## 8. *Information and Education.*

### *a. Censorship.*

Censorship restrictions and delays in the admission of literary materials to Japan should be removed. Pre-censorship of all matters printed in Japan should cease. This should not operate, however, to prevent SCAP from exercising broad post-censorship supervision and from engaging in counter-intelligence spot-checking of the mails.

### *b. Translation and Dissemination of U.S. Books and Magazines.*

SCAP, in his capacity as CINCFE, should be directed by the Joint Chiefs of Staff to permit the authorized translation and publication

in Japan of U.S. copyrighted literary works. GARIOA FY 1950 budget should provide for the shipment of newsprint to Japan.

*c. Radio.*

We should immediately undertake a regular program of medium- and long-wave broadcast to Japan from our transmitter station on Saipan. These programs should be carefully prepared with a view to developing an understanding and appreciation of American ideas and at the same time to maintaining as wide a Japanese radio audience as possible.

*d. Interchange of Persons.*

The interchange between Japan and the United States of scholars, teachers, lecturers, scientists and technicians should be strongly encouraged. We should press this matter in the FEC, and failing early action, an interim directive should be issued to SCAP authorizing bilateral agreements covering such interchange.

*e. National Education Budget.*

The Japanese should be permitted to allocate a higher proportion of the national budget to educational purposes.

*9. War Crimes Trials.*

We should press for early deadlines for the termination of the War Crimes Trials of "A" suspects. We should immediately undertake the screening of all "B" and "C" suspects with a view to releasing those whose cases we do not intend to prosecute. The others should be brought to swift justice.

V. STATE DEPARTMENT REPRESENTATION

As soon as this is practically feasible, and desirable, the Department of State should send to Tokyo a permanent Political Representative, with the rank of Ambassador. The functions of this official would be to advise the Commander-in-Chief on political matters and to report to the Secretary of State on matters concerning Japan. The Political Representative would enjoy the normal facilities for independent communication with the Department of State. He would not, at least in the initial period, deal officially with the Japanese Government, although there would be no restrictions on his informal contact with Japanese government officials. The Diplomatic Section of GHQ, SCAP should remain in existence, but its functions should be restricted to those of a protocol and liaison section for GHQ, SCAP. All normal State Department functions now performed in the Diplomatic Section, together with the supervision of the consular establishments in Japan, should be placed under the Political Representative.



[Annex 1]

MEMORANDA OF CONVERSATIONS WITH GENERAL OF THE ARMY  
DOUGLAS MACARTHUR

TOP SECRET

## GENERAL MACARTHUR'S REMARKS AT LUNCH, MARCH 1, 1948

The Commander-in-Chief spoke of the broad significance of this occupation of Japan, which he felt was not fully understood at home. There had been before, in world history, only one example of a really successful, constructive and enduring job of military occupation, namely that of Julius Caesar in the conquered barbarian provinces. This had left its mark on Britain in certain of the characteristics for which the British people are famed today. It had left its mark on the French through the land reforms which still lay at the bases of the independence of the French farmer.

In Japan, the military defeat had produced a spiritual and political vacuum. All the old beliefs had been fundamentally shattered by the outcome of the war. The Japanese people were thirsting for guidance and inspiration for the future.

The great significance of this occupation lay in the fact that it was bringing to the Japanese people two great appreciations which they had never before possessed and which were destined to revolutionize their thinking, namely democracy and Christianity.

For the first time in their history the Japanese were now tasting freedom. Peoples who once learned what freedom and democracy meant would never willingly return to slavery. They might be forced to return, but they would not do it willingly. The Japanese people had vivid and unhappy recollections of totalitarianism. For that reason they would never willingly accept Communist domination.

By that he did not mean to say that they would not obey orders if the Russians were to take them over by military force and use the usual totalitarian compulsions to require their obedience. The Japanese were by nature an obedient people and used to authority and would, of course, immediately shift back to the old ways in such a situation.

The Japanese Communists were no menace. They now had only four members in the Diet. These were able men and two of them at least had been trained in Moscow. It was too bad they were Communists. They had the ability to accomplish a great deal if they could be won over from their subservience to Moscow. They had made an attempt to capture the labor movement, but had been totally discredited when SCAP had prevented them from carrying out a strike.

If we had proceeded vigorously one year ago to press for the nego-

tiation of a peace treaty, as SCAP had recommended, he was sure that the Russians would have come along and that this achievement, with respect to Japan, might have had a decisive effect on the whole world situation. Unfortunately the favorable moment had been missed and the Russians had started to make trouble. Now they were being supported by the Chinese, for what motives he was not sure. He thought the Chinese Government could be brought away from this position. He had had Dr. Wang<sup>2</sup> over here and talked to him for three days and had so shaken him that he almost had a fit of apoplexy during the interview. Dr. Wang had returned to China obviously not certain in his mind as to the wisdom of continuing the stand the Chinese Government had taken; but after his return he had apparently again been influenced in the other direction, probably by American newspaper correspondents, including the younger Powell.<sup>3</sup>

Both the Russians and the Chinese had a strong interest in the eventual conclusion of a peace treaty. For if no treaty were concluded, the United States might have to remain indefinitely in this position, and that would end up by Japan becoming within 30 years a real satellite of the U.S. The failure to conclude a treaty was thereby forcing us into exactly the position that the Russians were accusing us of occupying. He had pointed this out to the Chinese Foreign Minister, and it is this which had caused the Minister such agitation. There was, of course, a possibility that if China were too hard pressed by Russia she might eventually come to view the U.S. position in Japan as an asset to China; but he thought that all in all this was unlikely—that the Chinese were too short-sighted to understand the advantage to them of our being here. Therefore he thought that in the end both the Russians and the Chinese would have to come to terms about the treaty in order to get us out of Japan; but he did not know whether this would be in one year or in six.

A great significance lay in the accomplishments of the occupation of Japan. The Japanese were the most advanced of the Oriental peoples, and in that capacity they were bound to exercise in the long run the greatest influence over the others. A billion of these Oriental peoples lived on the shores of the Pacific. People in Washington were making a great, though understandable, mistake in overrating the affairs of Europe and underestimating those of the Orient. The great events of the next thousand years would transpire in this area. We had the opportunity, through the Japanese, to plant the seeds of the appreciation of Christianity and democracy not only in Japan but throughout the whole enormous area and to bring to these billion

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<sup>2</sup> Wang Shih-chieh, Chinese Minister for Foreign Affairs.

<sup>3</sup> John William Powell, son of John Benjamin (J. B.) Powell, veteran newspaperman and editor at Shanghai until 1942.

people, who might soon be two billion, the blessings of freedom and of a higher standard of living. If we accomplished this mission, we might fundamentally alter the course of world history.

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Miscellaneous: The other countries of the Pacific area were very short-sighted on the subject of trade with Japan. Even our own country was willing to give a cotton loan but not to accept the cotton goods which would emerge from it.

The Russians were Orientals under the skin. That was our great mistake in dealing with them; that we had not realized this and tried to treat them as Occidentals. Nevertheless, they could not pass as Orientals among the other Oriental peoples, and therefore could not exercise great influence in the Far East.

## [II]

TOP SECRET

### CONVERSATION BETWEEN GENERAL OF THE ARMY MACARTHUR AND MR. GEORGE F. KENNAN, MARCH 5, 1948

Prior to my interview with the General, I sent over to him by messenger the following statement, accompanied by a note saying I thought this was a central question on which I believed the Secretary of State would appreciate having his views.

"However we act in the matter of a peace treaty, there is little likelihood that a treaty will be concluded, ratified by the requisite number of states, and put into effect at any early date. Many months—at least a year—would almost surely have to elapse before that could happen.

"That means that we are faced with a further extensive period, of indefinite duration, during which we will have to carry on without a treaty.

"Our existing occupational policies are based on the Potsdam Declaration. But the objectives of the Potsdam Declaration were really pertinent only to the immediate post-surrender period. They made provision for the security of the Allies from Japanese aggression. They made no provision for the security of the Japanese islands from aggression, overt or concealed, from outside. As far as they go, furthermore, these Potsdam objectives have been substantially achieved. They can therefore no longer serve as adequate guides into the future.

"It appears to many of us in Washington that in view of the developing world situation the keynote of occupational policy, from here on out, should lie in the achievement of maximum *stability* of Japanese society, in order that Japan may best be able to stand on her own feet when the protecting hand is withdrawn. This would seem to mean that the accent should now be placed on:

"(a) A firm U.S. security policy for this area, envisaging both the coming interim period and the eventual peace period, and de-



signed to give the Japanese adequate assurance against future military pressures;

“(b) An intensive program of economic recovery; and

“(c) A relaxation in occupational control, designed to stimulate a greater sense of direct responsibility on the part of the Japanese Government and to give the Japanese people greater opportunity to assimilate in their own way the reform measures already introduced.

“Any comment which the Commander-in-Chief might care to make on the above would be much appreciated.”

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The General opened the conversation by thanking me for sending him this statement and saying that he would be glad to let me have his views on it.

He began by pointing out the extent to which the Far Eastern Commission constituted an impediment to any reasonable revision of our policy at this time. He stated that he had always been opposed to the FEC and the Allied Council. He had felt sure that the Russians would never cooperate helpfully in such bodies and that the others would not have insisted on these control arrangements if we had opposed them. They had been originally based, he thought, on a misconception of the future course and possibilities of our relations with Russia. Today we had them. The FEC had issued some 50 directives. General McCoy, who was his old friend, had an aversion to permitting the use of the veto in the FEC, and the efforts of that body had therefore been concentrated on getting agreement for agreement's sake rather than on the realities of the requirements of the situation in Japan.

Turning to the question of security, the General outlined his views on the position of the Pacific area in the pattern of our national defense. He said that the strategic boundaries of the United States were no longer along the western shores of North and South America; they lay along the eastern shores of the Asiatic continent. Accordingly, our fundamental strategic task was to make sure that no serious amphibious force could ever be assembled and dispatched from an Asiatic port. In the past the center of our defense problem had lain farther south, in the neighborhood of the Philippines. It had now shifted to the north, since it was now only toward the north that a threat of the development of amphibious power could mature.

The General then described the area of the Pacific in which, in his opinion, it was necessary for us to have striking force. This was a U-shaped area embracing the Aleutians, Midway, the former Japanese mandated islands, Clark Field in the Philippines, and above all Okinawa. Okinawa was the most advanced and vital point in this

structure. From Okinawa he could easily control every one of the ports of northern Asia from which an amphibious operation could conceivably be launched. This was what was really essential. Naval facilities were important; but the air striking power was vital for the purpose in question. With adequate force at Okinawa, we would not require the Japanese home islands for the purpose of preventing the projection of amphibious power from the Asiatic mainland. That did not mean, of course, that it was not important to us to see that the strategic facilities of the Japanese islands remained denied to any other power. All the islands of the Western Pacific were of vital importance to us.

For these reasons, he attached great importance to Okinawa, and felt it absolutely necessary that we retain unilateral and complete control of the Ryukyu chain south of Latitude 29. The people were not Japanese, and had never been assimilated when they had come to the Japanese main islands. The Japanese looked down on them. He had been obliged to evacuate a half million of them back to the Ryukyus, as one of the first acts of occupational policy. They were simple and good natured people, who would pick up a good deal of money and have a reasonably happy existence from an American base development in the Ryukyus.

He regretted that we had not adopted a firm and permanent policy of base development at Okinawa. This had reflected unfavorably on the morale and efficiency of the forces stationed there. He pointed out that we had complete unilateral control of the Ryukyus at this time. They were not under SCAP authority but were under the authority of the Far East Command. They were therefore today entirely in our power and under our flag and no one could force us to release them without our consent.

As for the Japanese islands, he did not believe that it would be feasible for us to retain bases anywhere in Japan after the conclusion of a treaty of peace. For us to do so would be to admit the equally legitimate claim of others to do likewise. He could assure me that the others would be only too anxious to take advantage of this. Not only the Russians but the other Allies would want some sort of base on Japanese territory. The only way to prevent this was for us to keep out.

As for the needs of our Navy, this was the one subject on which he felt some doubts about the adequacy of his own knowledge of the problem. He understood the Navy's desire to have facilities in this area and appreciated the necessity for it. He realized that the Navy did not like the prospect of making Okinawa its advance base, principally because the island was swept by typhoons and did not provide adequate protection, not to mention the absence of the usual port development. He felt, however, that these difficulties could be overcome. It

would be possible to build a breakwater which would give better protection to vessels lying there; and it would always be possible for them to stand out to sea if necessary, under typhoon conditions.

Turning then to the question of economic recovery, the General said that he agreed with the view that this should be made a primary objective of occupational policy but did not know what he could do today that he was not already doing to achieve it. The problem depended, in the main, on the development of foreign trade. The other Far Eastern countries were shamelessly selfish and negative in their attitude toward Japan. This was perhaps understandable but nonetheless regrettable. He had been able to make some impression on Evatt, when he was here, but he had no doubt that he would begin to backslide when he had been back in Australia for some time. Our real problem was therefore to overcome these inhibitions on the part of the other Far Eastern countries and to get Japan started again as a processing and trading nation. He hoped that the revolving fund would help and that things would soon begin to pick up.

Turning to the last of the three points that I had mentioned, he said that actually much less control had been exerted over the Japanese Government than was generally supposed in the U.S. The provisions in the constitution, for example, renouncing for all time the employment of armed force, were the result of a Japanese initiative and nothing that he had forced upon them. He really felt that the outcome of the war had had a profound effect on Japanese psychology and that their renunciation of armed power reflected not a catering to the wishes of SCAP but a reaction to a tremendous national experience.

As for the Zaibatsu, it was really not true that the men who had been eliminated from influence were persons of superior competence. His Headquarters had received many communications from Japanese thanking them for getting rid of these elderly incompetents and opening the way for better men. Anyone who knew personally the men who were eliminated through the deconcentration program would appreciate that they were the counterparts of the most effete New York club men.

Actually, the brains of Japan had been in the armed forces. He regretted that it had been necessary to eliminate all those brains from public life. But this had not been his choice. This had been one of the first directives he had received from the U.S. Government concerning occupational policies. It had been embodied in the Potsdam Declaration.

As for the other reform measures, he thought they were almost completed. Another three or four months should see the process substantially wound up. The Civil Service reform was the only important out-



standing measure. When this had been implemented we might indeed be able to relax and permit the measures already taken to be assimilated. The economic purge, he emphasized, was not as extreme a program as many people thought. It involved no confiscation of property. SCAP was determined to see that fair prices were paid for the holdings which were being broken up.

Actually, the reform programs he had conducted had not been nearly as drastic as had been suggested by the directives he had received from Washington.

He realized that to some extent our occupational policies had been influenced by academic theorizers of a left-wing variety, at home and in Tokyo. He felt that there was a group of them in the Department of State. He said he also had a few of these in his own shop but he did not think they did much harm. He was planning soon to cut down on the SCAP section which had been most concerned with the subjects which were of interest to these elements and he thought that the problem would be adequately taken care of.

As for the question of a treaty of peace, all he could say was "I'm damned if I know." He had hoped that it could at least have been possible by this time to put a lot of people around the table and start them negotiating. He realized that it would take many months for them to finish. He was sure that the Chinese could be won over with a certain amount of pressure, but he was not sure about the Russians. And he did not know whether it would be advisable for us to press for a treaty without the Russians.

The General then asked whether I had any further questions or any specific points on which I would like him to elaborate further. He emphasized that he was completely at my disposal and would be happy to tell me his thoughts on any subject I might be interested in.

I said that I appreciated the difficulty with regard to the FEC; in fact, I, too, had never been sanguine about it at the time of its establishment. But it did seem to me that there might be a way in which we could handle the problem presented by its authority. I pointed out that the terms of the reference of the FEC called upon it only to outline policies for the implementation of the terms of surrender. In the light of the wording of the surrender terms, this meant in effect the provisions of the Potsdam Declaration. However, the terms of the Potsdam Declaration were substantially carried out at the present time, and what remained to be done to affect their complete accomplishment could be done in a very short time. This meant that in actuality the policy-making functions of the FEC were substantially completed. They could not be taken to relate to the period following the execution of the terms of surrender. We would be entirely within our rights in

declining to agree to FEC directives which attempted to go beyond this limit.

I added that of course we could not change the regime of control without the agreement of the other countries in FEC, nor could we abolish the FEC itself; but we could easily render it quiescent, and permit it to languish as long as we pleased.

The General seemed much impressed with this suggestion and said that he believed that I had found the answer. It appealed to him strongly, and he thought it was exactly the right line for us to take. He said that he could easily certify to the FEC countries within a very short time that the surrender terms had been carried out.

I explained that under this concept our position would be as follows: "The terms of the surrender have been executed; therefore the policy-making functions of FEC are exhausted. We cannot, however, abolish the regime of control, insofar as it relates to the occupation of Japan, until we have a treaty of peace. In other words, the occupation is continued, not for the enforcement of the execution of the terms of surrender, but to bridge the hiatus in the status of Japan caused by the failure of the Allies to agree on a treaty of peace." Under such a concept, the occupying forces in Japan would become essentially garrison forces rather than the sanctions for the enforcement of the surrender terms. This being the case, the Far Eastern Command would naturally be retained, and we would continue to station in Japan such forces as we thought suitable to the requirements of the situation.

I pointed out that actually, this would probably have the effect of forcing the Russians to come to the council table and negotiate, for it would make it evident to them that failure to do that would merely enable us to remain in Japan indefinitely as a military power without being subject to the authority of the FEC. It was to the FEC, after all, that the Russians had looked for a channel of interference and restraint which could prevent the success of any constructive American policies in Japan. If the FEC could no longer serve as an instrument of Allied policy, I thought the Russians would take a different view of the problem of a peace treaty. We would then have them over a barrel; for they would either have to agree to the type of treaty we liked or consent to see us remain indefinitely in Japan with our military forces.

The General said he agreed with this, and it would play a great part not only with the Russians but with the others.

I then said that I hoped we could use the intervening period to wind up as many as possible of the troublesome technical problems arising out of the war, in order that they might not have to encumber the treaty of peace. If we could liquidate such problems as restitution,

property custodianship, reparations, we could shorten the treaty by a great deal and simplify the process of its negotiation. I said that I thought long and legally involved agreements were by all means things to be avoided if possible, particularly when dealing with people like the Russians who had absolutely no understanding for them. I said that the Russians, whose concepts of property were as primitive as those of a crow, simply didn't know what you meant by intricate legal provisions on property liquidation and similar subjects. I thought the treaty should not only be as brief as possible but have as little as possible of the punitive and excoriatory element to it. It should, in my opinion, be short, general, and inoffensive, and should constitute a pat on the back and a gesture of confidence to the Japanese as they move in to a new period.

To this also, the General indicated his complete concurrence.

I referred to the question of reparations and said that I had been much impressed with the briefing which General Harrison <sup>4</sup> had given us on this subject. To me, it was incomprehensible how people could have seriously believed that the concepts underlying our approach to this question to date could ever have had a satisfactory practical application. Today, the whole question was almost hopelessly snarled up. I thought only something in the nature of a firm surgical incision could bring about any satisfactory solution of it.

The General said that he agreed with this view and he proceeded to speak at length, and with some vehemence, about the impracticability of the reparations program. The plants in question were almost without exception in a state of deterioration and obsolescence. Only limited portions of them could be physically removed. It would cost large sums of money and large amounts of badly needed materials to pack them and to transport them to ship's side. Then there was the unsolved question of the shipping to move them to the recipient countries. Finally, none of these other countries was in a position to make any effective use of such facilities. One needed not only the machines but many other things which could not be shipped with them; the locations, the labor, the power, and the buildings. He could see in his mind's eye these Japanese machines lying and rusting on the docks at Shanghai, and he was absolutely certain that only a negligible portion of them would ever be used to any good effect. Meanwhile, he had already found it necessary to turn some of them to other uses, and they were helping in the problem of Japanese recovery. This, too, should not be interrupted. But more important than this was the effect of the uncertainty created for the Japanese owners concerning the future

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<sup>4</sup>Brig. Gen. W. K. Harrison, Jr., Chief, Reparations Section, GHQ, SCAP, Tokyo, and chairman of the Reparations Technical Advisory Committee there.



of these properties. This uncertainty constituted an intolerable drag on economic recovery, for which the U.S. people were footing the bills.

The General felt that our Government had no choice but to declare flatly that while it would proceed with the 30% program already in process of implementation, nothing beyond that point could be reconciled with our other obligations and responsibilities in Japan in the coming period, and we were thereby obliged to make it clear that there would be no reparations from Japan in excess of the 30% program, as long as our responsibilities in these matters had not been resolved by a treaty of peace.

I added that I hoped we could find some way to make a similar surgical incision on the property questions. At the present rate, we would be many years liquidating the properties for which we had accepted custody. I thought that we might have to fix firm and rather drastic time limits for the presentation of claims on certain categories of property, with a view to getting this whole question wound up and settled before we were obliged to enter into a treaty of peace.

This concluded our discussion on policy matters. I thanked the General for his patience and his extremely helpful comments and told him that I would not take up any more of his time for these matters. He insisted, however, that he would see me again before I left Japan.

[GEORGE F. KENNAN]

### [III]

#### TOP SECRET

CONVERSATION BETWEEN GENERAL OF THE ARMY MACARTHUR, UNDER SECRETARY OF THE ARMY DRAPER, AND MR. GEORGE F. KENNAN, MARCH 21, 1948 (AMENDED MARCH 23, 1948)

The following are notes covering matter discussed at a conference in General MacArthur's office beginning at 6:00 p. m., 21 March 1948. Present: General MacArthur, Under Secretary of the Army Draper, Mr. George Kennan and Brigadier General C. V. R. Schuyler.

#### A. *Rearmament of Japan*

General Draper stated that although Secretary Royall has not yet formulated an opinion, nevertheless, there is a general trend in recent War Department thinking toward the early establishment of a small defensive force for Japan, to be ready at such time as U.S. occupation forces leave the country. He asked for General MacArthur's opinion.

General MacArthur replied that this question is a fundamental one. It involves consideration of a number of factors, all of which bear directly upon the problem. He stated that he had very definite views on the subject but emphasized that since he was not familiar with the

strategic thinking of the Army Department and other high echelons, his views were necessarily based on local considerations. He stated the first related matter bearing on the problem is the question of proper timing for a peace treaty. General MacArthur said that this matter was first brought into prominence by President Truman himself, who over one year ago, publicly announced his urgent desire for early action to secure a treaty. Evatt of Australia, promptly supported the President; General MacArthur, three months later, added his support also. At that time, all Far Eastern nations, except possibly Soviet Russia, were eager for a treaty. General MacArthur said he himself approached their local representatives and found this to be their attitude. He felt that Soviet Russia also would have agreed since at that time the Veto question in its relation to peace treaty procedures had not become an issue, United States-Soviet international differences had not yet been aired publicly; and the Communists had suffered numerous local reverses in Japan itself, which made them feel it highly desirable to get rid of SCAP at the very earliest possible date. Apparently the treaty question became entangled with numerous other international issues; delay followed delay, until eventually the opportunity was lost.

Today, General MacArthur said, the problem is entirely different. China, which a year ago considered herself dominant in the Far East, is now weakened by internal strife. Naturally she now refuses to support any measures which would tend to advance Japan toward that position of leadership which China herself expected to occupy. Undoubtedly, were China to participate in a peace treaty conference now, she would insist upon punitive and restrictive clauses which would effectually hamstring further Japanese recovery. It is obvious that the U.S.S.R. also would obstruct the conclusion of any peace treaty which could possibly be acceptable to the United States. In the present state of international tension, Russia is interested primarily in weakening our leadership in this part of the world and in causing political embarrassment to us. She certainly would not agree to any treaty which would establish Japan as an economic entity oriented toward the United States.

General MacArthur said that despite these present difficulties he felt we should still strive to arrange an early peace treaty conference even if it should be necessary to exclude Russia therefrom. He said that the U.S. would have nothing to lose from such a conference, and we would probably gain considerably if we could achieve unanimity of approach toward the problem on the part of all nations except Russia. He felt that, if properly pressured, even China could be brought into line. He said he recognized that no such treaty could be considered as coming into force without Russian agreement, but that

nevertheless a common solution agreed upon by all other nations would do much toward persuading Russia eventually to go along. He said that the international situation naturally requires that the U.S. retain occupation forces in Japan for the present and that we should recognize that the final solution of the peace treaty problem must await resolution of the current United States-Soviet impasse. He said we certainly should never withdraw our occupation forces so long as Russia could technically find an excuse to move in. The presence of our troops here is not so much to assure adequate defense of Japanese territory, as to provide visible evidence to the Japanese people of our continued support, and of our refusal to permit the forces of Communism to make further advances in their country.

General MacArthur said that in this connection, he had heard informally of certain Army Department thinking which advocated a change to over-all civilian control in Japan; with occupation forces restricted to certain base areas and under separate command. He said he felt any such conception is completely unrealistic. He said the Japanese people would never accord full obedience to a civilian administrator. They would more and more openly refuse to cooperate with our occupation forces and, with the accompanying loss of prestige thus engendered, we would soon find ourselves reduced to relative impotency. He said the present SCAP arrangement has proved highly successful, it has been accepted by the Japanese and is equally acceptable to all nations of the Far Eastern Commission, except possibly, Soviet Russia. Therefore, he strongly recommends that so long as we propose to maintain any form of control in Japan, we retain SCAP essentially as presently organized.

General MacArthur then passed to a discussion of the possibility of organizing a Japanese Force, to take over *after* the peace treaty. He said he was unalterably opposed to any such plan, primarily for the following reasons: (1) In attempting any such organization we would be acting directly contrary to many of our most solemn international commitments. Especially, we would alienate the nations of the Far Eastern basin, all of whom are still mortally fearful of a remilitarized Japan. (2) Japanese rearmament is contrary to many of the fundamental principles which have guided SCAP ever since the Japanese surrender. Under these principles militarism has been eliminated and armament industries destroyed. Abandonment of these principles now would dangerously weaken our prestige in Japan, and would place us in a ridiculous light before the Japanese people. (3) Even our best efforts toward rearming Japan would result in establishing her as no more than a fifth-rate military power. With Japanese war potential in Korea, Manchuria and North China gone, with her outer island



bastions taken from her, and her merchant marine reduced to a small fraction of its previous size; Japan could not hope to defend herself against attack from an outside power. She would, under such conditions, constitute only a tempting morsel, to be gobbled up by Soviet Russia at her pleasure. (4) Japan is now struggling for her economic existence. Even with our assistance including considerable material aid, she is piling up a deficit. If the cost of maintaining armed forces were added to her other expenses, it is most improbable that Japan would ever be able to survive economically. (5) The Japanese themselves are no longer willing to support an armed force. They have sincerely and unconditionally renounced war as an instrument of policy. They have learned, to their sorrow, the results of having a military clique dominant in this country. They would not be willing to establish an armed force of their own unless we forced them into it. This we should not do.

General MacArthur here pointed out that if we wish to defend Japanese territory from external aggression we must depend primarily upon Air power rather than upon an Army and Navy. He said that with adequate Air power based upon Okinawa, we could protect Japan from outside attack. He dwelt further upon the strategic importance of Okinawa; pointing out that the California coast is now no longer our outer line of defense. This line now passes through the Marianas, the Ryukyus and the Aleutians, with Okinawa as its key bastion. The line has advanced outposts on its southern flank in the Philippines, Australia and the British and Dutch islands adjacent thereto. Its northern outpost is Japan. He said that all of the nations except Russia fully recognize the military importance of Okinawa to the United States, and desire that we retain it as a military stronghold. He said that Australia and New Zealand, particularly, wish to see us powerfully ensconced therein, feeling that such a position assures their own defense far more efficiently than they themselves could ever hope to do. He pointed out that Okinawa has adequate space to provide for the operation of a powerful and effective Air Force, which could assure the destruction of enemy forces or harbor facilities along the Asiatic coast from Vladivostok to Singapore. He said, therefore, that by properly developing and garrisoning *Okinawa* we can assure the safety of Japan against external aggression without the need for maintaining forces on Japanese soil. He emphasized again, that we should retain these occupation forces until the *peace treaty* only, as a means of insuring internal order, and in order to impress upon the Japanese people the fact that we are not deserting them. General MacArthur strongly urged that in the light of these considerations, the U.S. reach a decision *now* to remain in Okinawa and that we devote

adequate funds at once to the necessary construction for a permanent garrison.

*B. Report of Overseas Consultants Incorporated*

General Draper stated that the report of Overseas Consultants Inc. covering the subject of Japanese reparations, had recently been furnished the Army Department. He said that Secretary Royall would appreciate General MacArthur's views concerning the soundness of this report.

General MacArthur spoke most emphatically upon this subject. He said that he had not yet seen the report but had talked at length with the authors during their six months visit to Japan while they were accumulating data for the report. He said that he felt the whole approach to the Reparations problem, and particularly the discussion upon this matter within the Far Eastern Commission, was so totally unrealistic as not to warrant his detailed attention. He said that in war booty Japan has already paid over fifty billion dollars by virtue of her lost properties in Manchuria, Korea, North China and the outer islands. With this loss, together with the destruction in Japan proper, she has suffered proportionately far more than any other nation in modern times which has waged war and still survived. He said it was only by the forceful leadership of SCAP since the surrender, that economic disintegration has been avoided. Even now, the Japanese are still piling up a huge dollar and yen deficit which there is little hope of liquidating for many years to come. Japanese monetary currency is valueless outside the country. Her foreign trade is still at a standstill; she is still largely dependent upon U.S. support and the generosity of the American people. The Japanese people are working very hard. They are cooperating with SCAP to the fullest. They are doing everything which could be humanly expected of them under the circumstances. Nevertheless, even by utilizing to the fullest all those facilities which are still left to Japan, she cannot hope to achieve a balanced economy before 1953, at the earliest. Except for actual war facilities, there is a critical need in Japan for every tool, every factory, and practically every industrial installation which she now has. General MacArthur considers that if we are to expect in the foreseeable future, to be able to remove the burden of Japanese recovery from the backs of American taxpayers, then it is utterly fantastic to reduce further Japanese economic potential by additional removal of industrial equipment for reparations purposes. He said that any such action is merely a camouflage method of subsidizing other nations from the U.S. He said that the present thirty percent program in which SCAP is now engaged, involves reparations deliveries only of machine tools

and of a few other items, such as synthetic rubber plants, which have no place in the future Japanese economy. He said that these deliveries should be completed, but that decision should be made now to abandon entirely the thought of further reparations. Moreover, he said that the U.S. should see to it that in providing further aid to China, in establishing our ERP program and in affording other assistance to Foreign Nations, we require written agreement from such nations to the renunciation of all claims for future Japanese reparations.

### *C. Military Aid to China*

General Draper said that Secretary Royall would appreciate an expression of opinion from General MacArthur as to whether or not the U.S. should provide additional military aid to China.

General MacArthur replied that he had a very definite opinion on this matter. He said this opinion was not based upon first-hand knowledge of the situation, since he had not been in China in recent years; but rather on a general knowledge of conditions and on his understanding of the problems of the Orient. He said he considered the situation in China today as deteriorating, but not yet hopeless. He advocates release at once to the Chinese Government, of all U.S. military surpluses in the Pacific Area. This release should be a gift—not a sale. He feels certain there are large reserves of equipment still available and that such equipment will be considered obsolete for American Forces by the time another war comes. He said he himself does not expect to fight in Japan, and if he does, he has sufficient reserve equipment under his control in Japan to take care of his own needs.

Also General MacArthur said that we should “take the wraps off” our present advisory mission to the Chinese Government; we should tell it to get going, using all means in its power to advise the Chinese military and to train China’s forces. We should settle at once those difficulties between the Army and Navy which now hinder the usefulness of our mission, and we should remove that doubt which now exists as to how far they can go in their activities. General MacArthur stated we should also furnish advisors to other branches of the Chinese Government and we should send officers to supervise the delivery to the Field Forces, of the equipment which we donate. He said we should also provide moderate economic and financial assistance, at the same time instituting reasonable control measures to insure the most effective utilization of this assistance, which is practicable in the circumstances. He said we must realize that China’s methods are inefficient and many key officials are corrupt. Nevertheless, he feels that we would have everything to gain and very little to lose by furnishing moderate support to the Chinese Government at this critical time. He feels we should back up this government to the maximum practicable extent,



short of provoking actual hostilities with Soviet Russia. He is somewhat doubtful of the eventual outcome, since he is not certain that China's Field Commanders still retain the "will to fight". Nevertheless, under the circumstances, he feels that all-out aid to China at this time is decidedly a worthwhile gamble for the United States.

[GEORGE F. KENNAN]

[Annex 2]

*Explanatory Notes by Mr. George F. Kennan, March 25, 1948*

TOP SECRET

[Here follows repetition of Recommendations, together with discussion point by point, not printed, except for the following extracts:]

## II. 2. *The Post-Treaty Arrangements*

General MacArthur feels strongly that the only acceptable *permanent* solution to the problem of Japanese security is complete demilitarization under an effective international guarantee. He considers that until the peace treaty is concluded and until such a guarantee comes into existence, Allied forces must remain in Japan. If there should be a treaty of peace but not a treaty of demilitarization, he considers that Allied forces should remain even after the entry into effect of the peace treaty, until such time as a demilitarization agreement is concluded. He is then content to see Japanese security rest on such a demilitarization treaty, to which the Russians would be a party. He believes that when the Russians put their signature to something clear and explicit, they will remain faithful to their word. He is not worried about indirect aggression by political penetration. He considers that the Japanese people are strongly averse to Communism and will not accept it.

I am unable to agree with a portion of this pattern of thought. I consider that it would be psychologically unsound to retain any of the occupation after the entry into effect of the peace treaty. I would not trust Russian good faith in the observance of any treaty of demilitarization of Japan, unless Russia were considerably weaker and more restrained in her immediate aims and policies than is the case today. Even then, I would trust it only for the period of Russia's prospective weakness. Finally, I do not think that Japan's powers of resistance to Communism can be taken for granted. To the Communists, the problem of capturing Japan is not a problem of winning over the favor of the majority of the Japanese people. It is a problem of pene-

trating Japanese society and seizing its key positions. At present, it looks to me as though Japanese society were decidedly vulnerable to such attacks. Its vulnerability can presumably be reduced by appropriate occupational policies on our part in the coming period. But we cannot be sure of their results until we can observe them. There are no automatic and foolproof cures for this type of weakness.

I agree strongly with General MacArthur that Japan must not be left defenseless in the period before the conclusion of a treaty of peace. It is with respect to the period subsequent to the entry into effect of the treaty that my views diverge from his.

World conditions are now in a state of extreme flux. Plainly, we are not going to have a treaty, or even proceed to the negotiation of a treaty, for some time. We do not know today what the situation of Russia will be when the time comes to negotiate the treaty. Yet this will be the decisive point. If Russia still presents the same sort of threat to world security that she presents today, then I see only two alternatives: either we must not have the treaty at all and retain allied troops in Japan or we must permit Japan to re-arm to the extent that it would no longer constitute an open invitation to military aggression. If, on the other hand—as I consider possible—the course of events should have served to weaken Russia's military-political potential and to take off the aggressive edge of Russian policy, and if there were to be a good prospect that this situation would endure for some time, then we might proceed to the negotiation of a treaty of demilitarization and place our reliance upon that treaty to assure Japanese military security. We would still have to make sure that Japanese society was not too vulnerable politically, however, before we could take this step.

It is clear from the above that we cannot make a decision on this point at the present time. This decision will have to be taken later, in the light of prevailing circumstances. However, we should have it prominently in mind throughout the coming period, and we should observe developments closely from this standpoint.

#### IV. 5. *Recovery*

The Draper Mission, now being in Tokyo for the express purpose of studying these economic matters, it seems unnecessary to attempt to advance detailed recommendations at this time.

The suggestion for a long-term aid program on a declining scale is put forward here as the most effective means at our disposal for promoting Japan's economic recovery and the only device which seems to have any chance of exerting upon the Japanese Government the discipline required to carry it over to a position of complete responsibility for its own affairs.

As for foreign trade, there is no single measure which our authorities can take which would alone radically alter the existing situation or advance in a major way the prospects for the revival of Japan's trade with other countries. The main difficulties still lie with the reluctance of other Far Eastern countries to accept Japanese goods. But there are a number of individual measures which it lies within the power of our Government as a whole to take and which, in their entirety, could improve considerably the chances for progress along these lines. The difficulty here is that so many different departments and agencies of the Government are involved that only a Presidential directive would seem to have much prospect of getting the needed cross-section of cooperation.

Among the measures which I would consider as coming under this category would be the following:

- establishment of a yen-dollar exchange rate;
- permitting Japanese trade representatives to travel abroad;
- establishment in Tokyo of foreign trade missions of countries not already represented;
- re-negotiation of the Cotton Credit loan to extend the period of repayment;
- establishment of the Revolving Fund;
- reestablishment of facilities for the permanent residence of foreign businessmen in Japan;
- simplification of the procedure for clearance of foreign trade transactions and the removal of duplication of Japanese Government functions on the part of SCAP;
- encouragement of private loans to Japanese business;
- determination of policy on patents, trademarks and utility models;
- restoration of business property to United Nations nationals in Japan.

## 6. *Reparations*

The deleterious effect of the unresolved reparations program on Japanese industry cannot be overemphasized. In every category of plant subject to reparations removal—aircraft, arsenals, munitions, laboratories, chemicals, shipbuilding, iron and steel, oil, synthetic rubber, machine tools, etc.—there are some plants now engaged in turning out products which are either vital to the recovery of Japan, or at least completely unrelated to war manufacturing. Thus some arsenals are now, as before the war, repairing and manufacturing rolling stock; some aircraft plants are manufacturing electrical equipment and automotive parts; some shipbuilding yards are turning out fishing vessels, ferries, generators and spare parts. The closing down of these industries would throw many hundreds of thousands of Japanese out of work. For example, the Osaka shipyards, which are designated for removals, at present employ 60,000 persons.



Plants scheduled for removals face an uneasy future. No outlays are being made for capital improvements. For lack of security, banks refuse to finance earmarked plants. Although the Japanese Government is required to pay the maintenance costs of designated plants, the burden often falls upon the companies themselves through failure of a near-bankrupt government to repay them. Many designated plants capable of producing essential items are now turning out lines of useless products in a get-rich-quick spirit.

Altogether about a thousand Japanese plants, both integrated and non-integrated facilities, have been earmarked for removals, but only about 20 of these plants have so far been subjected to actual removal of some of their equipment. Despite the minute proportion of the reparations program so far completed, the costs involved in the maintenance and custody of the plants designated for removals have been enormous. Maintenance costs alone involve the reconditioning (painting, greasing, etc.), replacement, blueprinting of all items individually, and, where related, collectively. Damaged plants must be rebuilt to the extent that weatherproofing is assured. I Corps Headquarters engineers have estimated that the cost of packing, transferring, and loading on board ship of the average item so far removed from the Osaka Arsenal is 3.5 times its present-day value. These same engineers have pointed out that the Chinese and Filipino reparations representatives have admitted that their countries want the selected items principally for the packing materials involved.

Years would be required, under present conditions, to dismantle, pack, ship, unpack, and reassemble removed items. In the process, parts will be lost and damaged, and it will be necessary to find spare parts and power sources. General Harrison, Chief of SCAP's Reparations Section, informed me that there is totally inadequate shipping available for the purpose of transporting even the 1.6 million tons of equipment scheduled for removal under the interim program. In the case of China he estimates that it will require about 20 years, with the shipping now available, to transfer her requested share from Japan. In the meantime this equipment will either be maintained by the Japanese at a huge cost or left to deteriorate beyond the point of repair. If and when transferred to claimant countries (such as China and the Philippines) which lack technicians, skilled labor and power sources, the reparations equipment will in many instances be consigned to scrap or remain unused.

Reparations have been justified on the grounds that they will neutralize Japan as a future military threat and that they will provide Far Eastern countries with equipment which will contribute to their recovery. With her army, navy and air force abolished, her fighting

equipment scuttled, her overseas empire liquidated, and 30% of her home industries destroyed, others damaged, and the remainder largely obsolete, Japan cannot be regarded as a potential military threat in the predictable future. The control of her sources of critical raw materials, if carefully conducted, would be a far more effective measure against military resurgence than an extensive system of reparations removals.

It is absurd to suppose that many of the facilities tentatively scheduled for removal from Japan could ever be effectively utilized in other Far Eastern countries or could contribute in this way to the basic recovery of the Far East. Viewed realistically, the reparations program might license the squandering of the wealth of the one country in the Far East capable of producing goods upon which that whole area must so heavily depend—textiles, rolling stock, spare parts, fishing vessels, etc.—just as Japan must depend upon the others for raw materials, especially foodstuffs.

Admittedly we have a serious problem before us in the attitude of certain of the other FEC countries, whose governments want reparations deliveries for any number of reasons except those of practical utility, and have been led by us to expect that they would receive them. It is probably best not to terminate all deliveries abruptly. The implementation of the recommendations put forward above will call for careful diplomatic preparation; and even at that we must expect a few outraged complaints in the FEC. But the fact remains that the idea of removing industrial equipment from Japan for shipment to other Far Eastern countries, as conceived in the reparations schemes discussed to date, is—without overstatement—sheer nonsense from the practical standpoint and basically inconsistent with the requirements of Japanese recovery.

Now it is we who are responsible for the occupation of Japan. It is we who pay in dollars and cents for its failures and its inconsistencies. It is mainly upon *our* future foreign relations that any frivolities of occupational policy will eventually wreak their revenge. This being the case, the realistic thinking and leadership in matters of the occupation must come from us, if it is to come from anywhere. The others have neither the incentive nor, in most cases, the sense of responsibility, to view these things incisively and dispassionately from the standpoint of an enlightened comprehension of the long-term needs of peace and stability in the Far East.

It is true that we have gone along, up to this time, with all these unrealistic concepts about the removal of Japanese industrial facilities for reparations. In fact, we are probably more responsible than anyone else for the currency which these concepts have gained in the

allied community. But there are times and situations when a frank confession of error is the only healthy course. We are too often inclined to forget that it is the right of any government, as any individual, to change its mind upon due reflection. But when persistence in a course of error has literally nothing to commend it but a desire to avoid embarrassment, then the change of mind is not only a right: it is a duty.

### 9. *War Crimes Trials*

In accordance with the Potsdam Declaration, an FEC policy decision was reached in April 1946, empowering SCAP to appoint special international military courts representative of any two or more of the FEC member countries to try: those who planned and waged a war of aggression or a war in violation of international treaties, etc. (Category "A"); those who violated the laws and customs of war (Category "B"); those responsible for inhumane acts against civilian population (Category "C").

The only indictment so far made of Category "A" war criminals was filed with the International Military Tribunal for the Far East on April 29, 1946 against 28 persons. The International Prosecution Section of SCAP finished the presentation of evidence on January 24, 1947 and the defense began its presentation of evidence on February 24, 1947, expecting to rest its case in May, 1948. The trial will then have been in process more than two years. Of the 28 persons brought to trial, two have died natural deaths and one has been declared insane.

Although the above mentioned FEC policy decision implies otherwise, Category "B" and "C" criminals found in Japan are being prosecuted by the Legal Section of SCAP Headquarters before Eighth Army Military Commissions in Yokohama. As of March 18, 1948, 237 cases involving 583 persons were completed. Remaining on trial were ten cases involving 80 persons. The number of cases awaiting trial, in which charges and specifications have already been filed, was 54 involving 165 persons.

Countenancing as they have the parade of thousands of witnesses, the examination of hundreds of thousands of documents, the exhaustive hearing of all evidence and counter-evidence by both the prosecution and the defense, the War Crimes Trials have been hailed as the ultimate in international justice. There is no gain saying the fact that the trials have been *procedurally* thoroughly correct, according to our concepts of justice, and that at no time in history have conquerors conferred upon the vanquished such elaborate opportunities for the public defense and for vindication of their military acts.



Nevertheless, there is no question in my mind but what these trials were profoundly misconceived from the start and are working increasing injury to the Allied cause in Japan. The reasons are several.

1. There is really no law on which such judicial procedure can be founded. There is a law of common humanity which proscribes acts of inhumanity against captives or other helpless persons in wartime. The Class "B" trials rest on that law. But there is no crime of an international nature involved in the services which an individual renders to his own state as a public servant. The state, as such, stands responsible for its own policies; the vicissitudes of peace or war are its trial. And in the case of Japan, the judgment is now being enacted through the disaster which has befallen the entire country in consequence of the loss of the war. This is not to say that the victor does not have the right to punish individual leaders of the defeated nation. But the punishment should take place as an act of war, not of justice; and it should not be surrounded with the hocus-pocus of a judicial procedure which belies its real nature.

2. It is a rule with peoples, as with individuals, that punishment, if it is to have any exemplary effect, must be swift and incisive and must follow immediately on the heels of the offense. A delayed and long-protracted punishment (and what else are these interminable trials?) loses its effect on both the victim and the public. The Japanese public has long since ceased to feel any reactions toward the trials other than one of sympathy for these fellow Japanese who are forced to sit through these endless and humiliating ordeals which have so little to do with anything that anyone in Japan can understand. It would have been much better received and understood if we had shot these people out of hand at the time of the surrender.

3. The persons conducting the prosecution and defense are, for the most part, not fitted for this task. These are political trials. The medium in which these people are working is politics, and international politics at that—not law. Only persons deeply versed in the history and practice of international relations could be at home in this medium. Legal experience at home is of itself no qualification whatsoever for this work. Yet that appears to have been the only criterion by which these people were chosen.

4. The spectacle of American lawyers defending the policies of past Japanese Governments, in order to improve the defense of their clients, is absolutely preposterous in its impact on the Japanese. It undermines the whole effect of the trials. It carries the clear implication that Americans themselves are insincere in their feelings about the origin of the war, that those feelings arise from professional, or other ulterior motives, and not from inner conviction. What other impression can the Japanese obtain? And if he is finally forced to the conclusion that the rightness or wrongness of Japan's policies prior to the war was not a matter of conviction among the Americans but a moot legal point, on which Americans themselves are divided and which could be settled only by two years of abstruse judicial procedure, then he can only ask himself the question: where was the two-year judicial procedure by which it was decided that U.S. statesmen were right *before* they

undertook to oppose Japanese policies in east Asia during the nineteen-thirties?

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740.00119 Control (Japan)/3-2948 : Airgram

*The Acting Political Adviser in Japan (Sebald) to the Secretary  
of State*

SECRET

Tokyo, March 29, 1948.  
[Received April 8.]

A-58. Sir Alvary Gascoigne, Head of the United Kingdom Liaison Mission, informally approached me with a view to registering complaint concerning an apparent unwillingness on the part of the Department to take the British Foreign Office into its confidence concerning developments in the Japanese situation. Sir Alvary stated that he has received a number of telegrams and letters from the Foreign Office on this subject and said that considerable mystification exists in London as to why the United States has not freely discussed with the Foreign Office, as was formerly done, what appear to be impending fundamental changes in American policy towards Japan. He said that the relevant officials of the Foreign Office are totally in the dark as to why the United States is sending high officials, such as Mr. George F. Kennan, Chief of the Policy and Planning Staff of the Department, and Undersecretary William H. Draper and party, to Japan. He felt that the publicity attendant upon these visits has reached the point where "British officials are getting sore" at the apparent lack of confidence shown.

I told Sir Alvary that it is my personal opinion that these visits are more for the purpose of exploring the situation in Japan in order to crystallize American thought than to make immediate decisions in Tokyo, although he would understand that I am not too well-informed concerning any long-range aspects that might possibly attach to these visits. Sir Alvary replied that he had recently telegraphed to the Foreign Office exactly along the lines of my reply and was glad to have even my personal corroboration of his thinking in this regard.

Sir Alvary referred to his recent conversation with Mr. Kennan in which he had expressed the hope of Mr. Dening that Mr. Kennan or another high official of the Department might visit London in order to exchange ideas on the present Japanese situation and possible future policy of the United States vis-à-vis Japan. He reiterated the hope that the Department would find it possible for Mr. Kennan or Mr. Butterworth to visit London at an early date in order to discuss with

interested officials of the Foreign Office any fundamental changes in policy that might be under consideration. In conclusion Sir Alvary said that his Government prefers dealing with Japan through the FEC and hoped that the United States is not considering taking unilateral action of some kind, notwithstanding the slowness of present procedures.

SEBALD

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740.0011 PW (Peace)/4-248

*The Counselor of Embassy in the United Kingdom (Dickover) to the Director of the Office of Far Eastern Affairs (Butterworth)*

SECRET

LONDON, April 2, 1948.

[Date of receipt not indicated.]

DEAR BUTTERWORTH, I had my first talk with Dening (Assistant Under-Secretary of State, Far East) yesterday afternoon. We talked for about an hour and covered, in general terms, most of the Far East. While most of what Dening said is undoubtedly known to you already, it might be well to summarize his remarks as constituting a general review of British thought.

*Japanese Peace Settlement.* Dening said that the Foreign Office desired as early a peace settlement with Japan as possible. This is desired for two reasons. The first concerned the rehabilitation of Japan itself. The Japanese cannot return to normal conditions and rebuild their economic and political structures until occupation is terminated and they are left to their own devices. Until that time, they will adopt a passive attitude, relying upon General MacArthur and American aid. Most competent Japanese will not come forward under present conditions to fill Government or industrial posts, because they feel that in the future, collaboration with the conqueror will redound to their discredit. As for the second reason, Dening said that Britain desires to resume normal economic and political relations with Japan. In this the Foreign Office is being pushed by the Dominions.

The opinion of the Foreign Office is that we (presumably the U.S. and the U.K.) should call a Japanese peace conference and proceed with the drafting of a treaty with our own terms of reference, re voting, etc. The U.S.S.R. should, of course, be invited and, if it does not choose to participate, should be kept fully informed of the proceedings of the conference. China will probably participate. This plan has the support of the Dominions but does not seem to be received with enthusiasm by the State Department. I pointed out that there are many dangers involved in such a scheme, not least of which is that the conclusion of a peace treaty without participation of the U.S.S.R. could be considered a violation of the Declaration by United Nations, which



the U.S.S.R. would undoubtedly exploit to the full. I added that the State Department, as Mr. Denning was aware, is very reluctant to do anything which would weaken the U.N. Denning said that he did not believe the U.N. would object to the procedure, or consider it a violation of the Declaration, if the U.S.S.R. were given every opportunity to participate and were kept fully informed of the progress of the negotiations.

*Far Eastern Commission.* Denning praised the work of the F.E.C. and remarked that the principal task remaining to be performed is the fixing of levels of industry for Japan. The Japanese cannot proceed actively with the rehabilitation of their industries until they know what level is to be left after removal of reparations. Until they know that they will remain apathetic. Denning said he did not believe that there were any difficulties between the U.S. and the U.K. in this regard which could not be ironed out. I remarked that in the F.E.C. the principal difficulties re the Japanese level of industry arose from the opposition of China, and to some extent from the Philippines, to any considerable revival of Japanese industry. China opposed such revival partly because of their desire for military security and partly because they want time to build up their own industries without Japanese competition. Denning said that these reasons were fallacious. China for a long time to come would have to depend upon military assistance from the West for resistance to aggression. As for the industrialization of China, this could not be accomplished in the foreseeable future.

In fact, Denning said, there might well be two or three agreements to be considered in the Japanese peace conference—namely, the peace treaty itself, an agreement re the continued demilitarization of Japan, and perhaps a regional security pact within the framework of the U.N. I pointed out that the U.S. had proposed a 4-Power, 25-year agreement for the demilitarization of Japan but that it had not yet received much support. Denning did not reply.

[Here follow paragraphs on other parts of Asia.]

Sincerely yours,

ERLE R. DICKOVER

894.00/4-348 : Airgram

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

Tokyo, April 3, 1948.

[Received April 8—9: 51 a. m.]

A-66. For the Department's information, there follows the text of a press release issued by the Public Information Office, General Headquarters, Far East Command on April 1, 1948:

“Brig. Gen. Courtney Whitney, Chief of SCAP's Government Section, has pointed out that the purge program, while fully consistent

with the purposes of the Japanese Government and people in charting a democratic future, is one of the direct requirements of the Potsdam Declaration. As such, final action taken thereunder is regarded to be of a permanent nature for which the Allied powers will unquestionably hold future Japanese governments fully responsible."

SEBALD

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890.0146/4-548

*Memorandum by Mr. William I. Cargo, of the Division of Dependent Area Affairs, to the Chief of the Division (Gerig)*

TOP SECRET

[WASHINGTON,] April 5, 1948.

A meeting on the disposition of Okinawa was held on April 5, 1948 at 10:00 a.m. It was attended by the following officers in the Department: Mr. Rusk (UNA), Mr. Butterworth (FE), Mr. Maxwell Hamilton (FE), Mr. Hugh Borton (FE), Mr. John Allison (NA), Mr. John Davies (S/P), Mr. Robert Fearey (NA), Mr. Marshall Green (NA), and Mr. Cargo (DA).

The subjects before the meeting were the recommendation that the United States Government should now take a decision to remain on a long-term basis in Okinawa and the related questions of the nature of any public announcement which might be made to this effect, and the form of the regime which would be established to carry out this policy.

It was pointed out that the military branches favored a strategic trusteeship for Okinawa with the United States as the administering authority.

There was a general discussion of the difficulties of fixing the future status of Okinawa and of according the United States any permanent position there in advance of the peace settlement with Japan. Mr. Rusk referred to the probable legal doubts which would be held by many interested states with regard to trusteeship arrangements if sought prior to the peace conference. He recalled that difficulties had arisen in this connection with regard to the trusteeship agreement for the former Japanese Mandated Islands. In the case of Okinawa, the argument of the United States for a definitive settlement in advance of the peace negotiations would be on much weaker legal grounds. He added that it would be unfortunate to have opposition in the General Assembly to a trusteeship agreement on the part of states who had legal doubts in addition to the opposition which might be expected from the Soviet Bloc and possibly from China and other Far Eastern States.

In a discussion concerning possibilities of a strategic trusteeship, it was pointed out that this would give the Soviet Union a veto over the trusteeship arrangements and that the protection offered to the United

States by its possible use of the veto was somewhat theoretical in view of United States policy on the veto question. Mr. Butterworth said that he thought the military people were under some misapprehensions as to the possible values of strategic trusteeship as opposed to ordinary trusteeship, and asked whether UNA would not set out the advantages of the normal trusteeship, indicating the safeguards on matters such as bases and inspection which would be available under an ordinary trusteeship.

Mr. Rusk inquired whether it was the view of the members present that Okinawa should be ultimately returned to Japan or that it should not be. He said that if return of Okinawa to Japan was not to be definitely decided upon, the future of Okinawa might be envisaged in the following steps:

- (a) The United States would remain in occupation of Okinawa until the peace settlement;
- (b) The United States would ask at the peace conference for an ordinary trusteeship over Okinawa;
- (c) The United States would seek approval of terms of trusteeship by the General Assembly; and
- (d) The terms of trusteeship would provide that the Okinawans would determine their own future status at some subsequent time. This status might be to return to Japan, but would not be limited to this choice.

Mr. Rusk felt that trusteeship would not be the most appropriate vehicle for a settlement if it were now determined that Okinawa should at a future date be returned to Japan. He felt that this decision would be somewhat incompatible with the policy objectives of the trusteeship system as stated in the Charter.

On the question of a public announcement of the United States policy at this stage, it was considered possible to indicate that the United States would request at the peace conference a trusteeship over Okinawa. Mr. Hamilton felt that it would be preferable to leave the form in which the United States would retain its measure of control unspecified.

The fundamental question was raised as to whether the military authorities could not achieve all that was necessary by a decision taken now by the United States Government to remain for an indefinite time in Okinawa and whether any considerable advantage would be gained by a public announcement at this time, either of a general nature or specified trusteeship. After further discussion it was agreed that what was necessary at this stage was a Presidential decision stating that the armed services should proceed on the assumption that the United States will remain in Okinawa for an indefinite period. It was further agreed that under this conception the *status quo* would be maintained until



the peace treaty, that is, the United States forces would remain in occupation of Okinawa, but no attempt would be made to reach a definitive settlement prior to the peace conference.

It was suggested that UNA prepare a paper along the lines of the foregoing points of agreement and also listing the various types of international arrangements which the United States might make to establish its position in Okinawa on a long-term basis. This paper, after comments and approval by the group, would represent the recommendations of the group as to a State Department position regarding Okinawa.

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740.00119 FEAC/4-848

*Memorandum of Mr. Hugh Borton, Special Assistant to the Director of the Office of Far Eastern Affairs (Butterworth), to the Director*

CONFIDENTIAL

[WASHINGTON,] April 8, 1948.

Subject: FEC Meeting of April 8, 1948

1. *Consideration of Attendance at Inter-governmental Conferences (FEC 300 series).*

General McCoy prefaced the discussion on these papers by stating that the position of the United States was firm that the FEC was a policy-making body and had nothing to do with the details connected with SCAP's executive authority. This position had been consistently taken by the U.S. representative and hence the United States could not agree with the Philippine amendment (FEC 300/4) which provided that "such observers may be accompanied by Japanese technical personnel when deemed necessary by SCAP and previously approved by the FEC". The Soviet member maintained that the Philippine amendment was not merely a technical matter but concerned the political aspect of the matter and a provision to that effect should be inserted in the policy decision. The Chinese Ambassador stated that the Philippine proposal was a further compromise which he hoped would expedite approval of the paper. He was prepared to approve the Philippine amendment but in so doing did not wish to censure any action which SCAP had already taken in connection with representation at conferences. The Philippine amendment was supported by the Philippines and China, opposed by New Zealand, the Netherlands, Canada, the U.S. and the United Kingdom, with the remaining members abstaining. In reference to the basic paper, the New Zealand proposal (FEC 300/3), the New Zealand representative suggested that it might be better to postpone further discussion on the paper until everyone had received instructions. General McCoy stated that he had received

instructions from his Government (see attached),<sup>1</sup> but that as the Indian delegation had not yet received its instructions, discussion of the paper should be postponed. In the discussion on the matter at his staff meeting, he indicated that he is considering the possibility of seeing whether further discussions with the State Department will result in a position which would be more acceptable to the other FEC members.

2. *Civil Aviation (FEC 245/18-19).*

As the delegations had not received instructions on the latest Soviet amendments, the paper was retained on the agenda.

3. *Proposed U.S. Credits to Japan (FEC 298).*

The Soviet representative read the attached statement.<sup>2</sup> Following the reading of the statement, General McCoy remarked that as the Soviet statement seemed to be addressed to the United States Government he would bring the matter to its attention.

H[UGH] B[ORTON]

[Annex 1]

*Proposed U.S. Substitute for 300/1*

ATTENDANCE AT INTER-GOVERNMENTAL CONFERENCES

The Far Eastern Commission decides as a matter of policy that in reference to SCAP attendance at inter-governmental conferences:

1. Upon receipt of an appropriate invitation SCAP may appoint members of his staff as representatives or observers at inter-governmental conferences, attendance at which he deems to be in the interest of the occupation.

2. Such representatives or observers may be accompanied by Japanese technical personnel when deemed necessary by SCAP.

3. A country acting as host to an inter-governmental conference should be under no obligation to receive Japanese nationals without its consent.

[Annex 2]

*Soviet Statement to Far Eastern Commission, April 8, 1948*

At the last meeting of the Far Eastern Commission I already pointed out that the Soviet Delegation considered the answers of the United States Delegation to our questions concerning credits planned by the

<sup>1</sup> Annex 1, below.

<sup>2</sup> Annex 2, below.

United States for the reconstruction of the Japanese industry to be unsatisfactory.

Indeed the Far Eastern Commission which is called to formulate the policies, principles, and standards in conformity with which the fulfillment by Japan of its obligations under the Terms of Surrender may be accomplished, remains in ignorance on such an important political question as the planning of reconstruction of Japanese industry.

As is known, at the meeting of the Far Eastern Commission on January 21, 1948, the USA representative stated the view of his Government as to the necessity to work out new measures for the purpose of creating a self-supporting economy in Japan, and requested favorable consideration of the proposed US policy when it would be presented for the discussion by the Far Eastern Commission.

In my conversation with General McCoy on February 9, I tried to find out what would be the substance of the new US proposals and to what matters they would be related. However, General McCoy, as the United States Representative, confined himself in this conversation to a rather indefinite answer, having stated that these proposals were still being worked out by the experts in appropriate departments and as soon as they were ready they would be presented for the consideration by the Far Eastern Commission.

More than sufficient time has elapsed since that date, but these new proposals have not yet been submitted to the Commission for the consideration. At the same time, in the American press there are again and again appearing articles which refer to the fact that the U.S. Government is working out its policy in regard to reconstruction of the Japanese industry and is planning the allotment of certain credits for this purpose in evasion of the Far Eastern Commission.

In addition to the facts set forth in FEC-298 I would like to draw the attention of the Commission to the articles in the *New York Herald Tribune* and *PM* of April 7, 1948, regarding the credits planned by the USA for the reconstruction of the Japanese industry.

I would like to emphasize once more that it was the Far Eastern Commission, but not a single government, to whom the Moscow Conference of the four Foreign Ministers has entrusted the formulation of the policies, principles, and standards in conformity with the fulfillment by Japan of its obligations under the Terms of Surrender may be accomplished.

Therefore, the Soviet Delegation considers it necessary to state, in order to make clear that without the policy decision of the Far Eastern Commission on the question of the reconstruction of Japanese industry no other unilateral decisions and actions could be considered legal.



740.00119 Control (Japan)/4-948

*Memorandum by the Assistant Secretary of State for Occupied Areas  
(Saltzman), to the Director of the Office of Far Eastern Affairs  
(Butterworth)*

TOP SECRET

[WASHINGTON,] April 9, 1948.

MR. BUTTERWORTH: There is attached a memorandum of detailed comments on Mr. Kennan's report, pursuant to the memorandum sent me by Mr. Humelsine.<sup>1</sup>

I am in general agreement with the fundamental conclusions of the report. In the attached commentary I have referred only briefly to the many specific recommendations with which I heartily concur. I dwell at more length on the few with which I cannot concur fully or am in disagreement.

As Mr. Kennan says in his memorandum of March 25, these recommendations represent a unified concept. I do not believe, however, that the alterations I recommend, or that might be recommended after the further and more detailed consideration which I suggest in a few instances, will materially alter the concept.

Since our immediate purpose is to establish the State Department's view of what U.S. policy should be, I do not think that at this stage of our considerations we should be concerned by whether the Army Department or General MacArthur will be in full agreement with our conclusions. Any necessary reconciliation of views with them should be accomplished promptly but as a next step. Similarly, the question of reference to the National Security Council may be considered after a policy paper is finally agreed on.

CHARLES E. SALTZMAN

[Annex]

*Memorandum of Detailed Comments on the Kennan Report*

TOP SECRET

This commentary deals with the recommendations and accompanying discussion of Mr. Kennan's report.

I. PEACE TREATY

1. *Timing and Procedure*: This recommendation is fully concurred in. It is suggested, however, that a decision should be reached as to whether, granting agreement among the other FEC powers on voting procedure, a conference should be held without the USSR or the USSR and China.

<sup>1</sup> Carlisle H. Humelsine, Director of the Executive Secretariat, Office of the Secretary of State.

The importance to the long-term stability of Japan of social reform along the principal major lines undertaken should not be lost sight of in our short-term project of rapid economic recovery. This is, of course, not intended to mean that excessive or experimental reforms should be undertaken but rather that basic ones such as now instituted should be completed.

It is agreed to be of basic importance that Japan should not be left without military protection. General MacArthur's views that remilitarization of Japan would be contrary to our most solemn international commitments and basic principles of SCAP policy, and would be impractical from the military-economic point of view, are agreed with. Other means of protection must be found.

The two-thirds voting rule would appear to be preferable to FEC practice. However, before a final decision on voting procedure is reached, a study should be made of the essential provisions which the U.S. will need in the treaty and the probable effect of either voting rule on our success in obtaining them.

2. *The Nature of the Treaty Itself*: This recommendation is fully concurred in.

## II. SECURITY MATTERS

1. *Disposition of our Tactical Forces in the Pre-Treaty Period*: This recommendation is fully concurred in.

The suggestion of rotating garrison forces on a combat footing and completely without dependents seems a good one and should be taken up with the Army and CINCFE.

2. *Post-Treaty Arrangements*: This recommendation is fully concurred in.

In the event we are required to choose between postponing the treaty or permitting Japan to re-arm, the former seems the more practical alternative.

3. *Okinawa*: This problem has been under discussion in the Department for some time. Although the recommendation may be correct, it is not supported by all the arguments advanced. The fact that they are utterly incapable of their own defense does not necessarily lead to the conclusion that we should volunteer it. It is not clear that only a U.S. trusteeship would give protection to the islanders. It is also not clear that the trusteeship must be strategic in nature in order to protect the islanders. It might be difficult to sustain the position that our responsibility to the inhabitants does not permit us to settle for anything less than a U.S. trusteeship. If we wish to keep the islands we should recognize that our decision is taken in the interest of the U.S., not of the islanders.

In any case, long range plans should be laid for placing the islands on a basis as close to self-supporting as possible. Army Department requests for funds for this purpose should be supported. Temporary local governments should be established, travel restrictions removed, education provided and any possible production for export encouraged. This is consistent with our duty and own interest. Such a program does not necessarily imply permanent tenure.

4. *The Navy*: The part of the recommendation relating to Japan is concurred in. The part relating to Okinawa would depend on the decision reached on Okinawa.

5. *The Japanese Police Establishment*: The observation that the existing police forces should be strengthened as necessary to cope with Communist pressures of disorder is, of course, concurred in. The recommendation that they should be strengthened (to an unspecified degree) would presumably depend on detailed study.

The establishment of an effective Coast Guard would be of real economic value and the recommendation should be carried out.

The recommendation for the establishment of a central organization under American expert supervision along the lines of our FBI is questionable. It is not clear how it would be permanently operated under the direct supervision of qualified U.S. advisers. Recent Japanese history with plain clothes, secret police suggests that even with such supervision, and certainly without it, such an organization would create the greatest danger of re-establishing a police state.

A central, uniformed gendarmerie or central constabulary comparable to the French Guard Mobile or the State police of a number of American States would seem both desirable and suitable. However, a secret police system should not be re-instituted in Japan without the most careful consideration.

### III. THE REGIME OF CONTROL

1. *SCAP*: This recommendation is concurred in as written. But the rate of SCAP withdrawal from the activities of the Japanese Government to a position of "general observation" should be cautious and carried out in a manner leaving minimum over-all control.

It is highly important that intervention on the part of SCAP personnel in the Japanese administration should be removed where it represents interference and obstructionism. However, participation by U.S. personnel is not necessarily either interference or a crutch. In our own interest, as well as theirs, we are requiring the Japanese to undertake a program with which their officials are not necessarily sympathetic. We are requiring them, and in the future will increasingly require them, to prepare and carry out planned programs of economic



recovery. It is believed that they have never had a sufficient number of governmental personnel competent to undertake such programs efficiently. It is to our very great financial, as well as long-run strategic interest that they be completed successfully. Under these circumstances the suggested surgical incision should be done cautiously and not with a broad axe in the dark.

Concerning this activity representing hundreds of millions of dollars of direct investment by the U.S., and so vital to its future interests, it might be wise to carry out the sort of detailed operating study which would be regarded as essential in any small industrial or governmental organization which planned to curtail certain of its activities. SCAP should be encouraged to undertake such a survey and should be advised that technical assistance could be made available from the appropriate departments in Washington if he wished it. Advisory and even participating activities should be continued where they will contribute to the successful completion of SCAP's programs. In other cases the SCAP staff should withdraw to a position of supervision and review. The relationship in each area of activity should be reviewed at regular intervals until the complete withdrawal to a position of supervision and review at a high level can be achieved.

2. *FEC*: The main recommendation not to terminate the *FEC* is concurred in.

The procedure outlined in these recommendations is in all essential respects the existing procedure. The policy-making powers of the *FEC* have always been considered to be limited to the carrying out of the Terms of Surrender. It would seem that reparations, not mentioned in the list on p. 17, should logically be construed as one of the Terms of Surrender.

It is not believed that the practice of obtaining *FEC* approval in important occupation policies has delayed or obstructed occupation. On the contrary the *FEC* has shown in nearly all instances a full appreciation of the primacy of the U.S. in Japanese policy and has accepted U.S. proposals with only comparatively minor amendments. The general effect of the use made of the *FEC* has been distinctly advantageous to the U.S.

It is fully agreed that SCAP should be encouraged in the broader use of his existing authority. To this purpose close liaison should be established between the U.S. Government and SCAP. The recommendation contained in V, below, could be useful in this respect. There has already been used in a number of instances a formula by which expressions of U.S. view have been given to General MacArthur without reference to *FEC*. Some question exists as to whether such expressions of view should be sent to CINCFE or to SCAP. The specific

recommendation that directives on matters not within the Terms of Surrender be given to CINCFE is open to question since matters dealing with "the occupation and control" of Japan fall within the power of SCAP, not of CINCFE. This general question should be resolved in consultation with the Legal Adviser.

In instances where the U.S. wishes to present to the FEC broad policies of considerable importance, the usual FEC discussion should be preceded by direct approaches to the governments of as many member states as would seem appropriate.

Undoubtedly greater use must be made of the interim directive in cases where the USSR appears to be a sole obstructor. It should not be overlooked, however, that the U.S. views are frequently not in accord with those of a majority or a considerable minority of FEC members. Except in extreme cases, the interim directive power should not be exercised unless the votes or private consultations with the FEC members indicate substantial concurrence with the U.S. point of view. Since the economic recovery of Japan does not lie wholly within the power of the U.S. but depends upon the willingness of Far Eastern countries to trade with her, it should not be overlooked that the price of unilateralism of action in starting Japan firmly along the path of economic recovery and internal stability may be excessive, unless the proposed course of action is taken in consultation and agreement with the members of FEC whose trade with Japan is essential.

It should not be overlooked that in some instances, such as trade relations, it may be to the advantage of the U.S. to handle policy questions in the FEC rather than unilaterally, even though from the point of view of the legal jurisdiction of the FEC the U.S. would not be required to submit such questions to it.

3. *Allied Council*: This recommendation is concurred in.

#### IV. OCCUPATIONAL POLICY

1. *Relations with the Japanese Government*: This recommendation is essentially the same as that under III., 1. SCAP, p. 15, and the general comments are the same. It is fully agreed, however, that SCAP should not use its power to push bills through the Japanese Diet nor to force the reversal of Japanese court decisions in order to exclude individuals from political influence. SCAP's authority to require Japanese compliance with SCAP policies and to exclude any person from a position in government or private life important to the success of the occupation, should be unquestioned and should be exercised directly.

2. *The Reform Program*: This recommendation is generally disagreed with.

The discussion here and elsewhere in the report seems to be based on the concept that reform and stability are inconsistent. The basic

objective of the U.S. in world affairs is to maintain a situation in which our people may live in individual freedom. The U.S. and its people are irrevocably entwined in the destinies of other nations, at least the major nations and their people. To maintain individual freedom at home there must be stability abroad. Unless this stability rests upon the democratic liberty of the people of the major nations it is hollow and untrustworthy. Japan has been and will be a nation of some consequence in the world. Unless her people have political rights and economic interests which give them a stake in the maintenance of a free government they will inevitably, and probably sooner rather than later, be seduced by one or another of the dynamic concepts of fascism or communism which will promise them great economic gains. Democracy is not just a pattern of words but must rest upon a pattern of acts providing social and economic institutions and rights, meeting the needs and just demands of the people. As we have seen in Czechoslovakia the establishment of such institutions and rights will not necessarily preserve free government. On the other hand their absence in a modern, industrial area will inevitably lead to totalitarianism.

It is true that the reforms instituted to date under SCAP are based almost exclusively on western ideas. It is apparently overlooked, however, that Japan has already avidly absorbed many western ideas and at the time the occupation commenced had a western system of industrial economy, with many western style legal and commercial institutions, a western style form of government, and, generally speaking, a completely feudalistic social pattern. Unfortunately, in copying the western economic and political style Japan had used many of the wrong models. The purpose of the current U.S. reform program has been to substitute better models and to bring the feudalistic aspects of Japanese society up to date.

Although some of these reforms may not be entirely applicable to existing Japanese conditions, the real question is whether they are important to the kind of conditions we wish to establish. A general fear that they may unseat older institutions which corresponded to specific (but undefined) Japanese needs without replacing them with anything that can be easily or practically absorbed by Japanese society, is the sort of thing that could block all progress anywhere. Our basic purpose in the occupation of Japan is to unseat many such older institutions as the feudal land control, the nationalistic state religion, the dominance of the secret police, the supremacy of the military, the feudal family economic control, the Prussian style constitution, the system of kept politicians, the suppression of labor, and the control of speech, press and thought.



The completion of the essential elements in the reform program should be fully encouraged. This will unquestionably require continued supervision by SCAP personnel. For example, it is questionable whether in the land reform program the land already purchased by the government will be properly distributed unless upon constant pressure by SCAP. The same is true of the shares now held by the HCLC under the deconcentration program.

The result of the essential reforms should be to create greater and long-lasting stability. Any temporary disequilibrium must, of course, be overcome and stability achieved before Japan is entrusted to her own devices. This has been the intention since the drafting of the earliest directive.

3. *The Purge*: The earliest possible completion of the purge is important. The recommendations made are in general desirable. The purge program in all its aspects should be reviewed by the government and General MacArthur informed of the conclusions.

4. *Occupation Costs*: This recommendation is fully concurred in and regarded as of great importance. A full report should be requested of CINCFE and of SCAP on all activities representing a charge on Japanese economy. Subject to facts disclosed by such a report, it should be planned to direct CINCFE to pay dollars for certain types of construction not strictly essential to the occupation. Consideration should be given to dollar payments for such construction since the beginning of such occupation. Personal services to occupation personnel should also be paid for in dollars. Payments of dollars into the Army troop-pay account to cover its yen balance should be examined and limited strictly to the President's policy decision.

5. *Recovery*: It is agreed that positive efforts for economic recovery should be emphasized. It should be constantly borne in mind, however, that economic recovery is not in itself an intrinsic objective but that its dual purpose is to support a democratic people and, as much as possible, to relieve the U.S. of the burden of occupation costs. A long-term aid program has, in fact, been prepared. U.S. government agencies have continuously been anxious to cut away obstacles to the revival of Japanese trade. In the main, however, these obstacles have been raised by the Far Eastern countries recently at war with Japan or are inherent in the system of government trading developed by poor economies. The reluctance of the U.S. to allow Japanese sales other than for dollars and to permit sales in the U.S. have been contributing factors in the slow revival of trade. All of the specific measures proposed are good. Some of them are under way, others are under consideration. They should all be accomplished as early as possible.

White House authority should not be necessary to bring about the required cooperation since the several interested government agencies

have been working in full harmony on an over-all program for more than a year. Completion of this program has been delayed by the excessive amount of attention which the Department of State and Department of Army personnel have been required to give during the last nine months to vaguely generalized attacks on the reform program.

6. *Reparations*: This recommendation is regarded as too general and cannot be concurred in without more detailed study.

Much of what is said about the confusion of the reparation program is correct. However, the basic principle of the program is overlooked: that in certain war industries and war-supporting industries the Japanese economy was completely out of balance and had, and now has, capacity in excess of predictable needs. Although the removal of this capacity from an economy which could use it would unquestionably represent an economic loss, its removal from Japan would not represent any loss. If its establishment in a recipient country is beneficial then the general Asiatic economy will be improved.

It is argued that the removal of such capacity will retard Japanese recovery and therefore be a burden on the U.S. Since the capacity is by definition unnecessary to the Japanese economy, it is difficult to see how this can be true. On the contrary, the existence and use of uneconomic capacity would unnecessarily burden Japanese recovery.

It is easy to say that the U.S. should confess its error and has the right and duty of changing its mind. However, the countries insisting upon their rights and desires to receive reparations from Japan will not be so free to confess error. Since these countries participate in the joint occupation of Japan, since their cooperation is essential to Japanese trade revival and since their goodwill is vital to a satisfactory peace settlement for Japan, the U.S. is not in a position to take an arbitrary attitude.

No generalized conclusion may be intelligently reached on the reparations program without a full and careful consideration of its political and economic factors. This consideration, which is being undertaken in connection with the Strike report, should be completed and a reparations policy decided as promptly as possible in the light of conclusions reached—including our legal position.

7. *Property Matters*. The first and second recommendations are fully concurred in. The third recommendation is questioned.

Although it would appear *prima facie* desirable to tally the value of Japanese external assets retained by reparations claimants, such a procedure to fit appropriately into a general reparation scheme would require a quantitative total reparations claim by each claimant nation. The possibility of such a statistical approach has been considered from the beginning of work on the reparations problem. It has been gen-



erally considered, however, that the present theory is more practical: that the external assets in each claimant country shall be retained in that country without computation, that the Japanese internal assets which may be made available for reparations will be pooled and that individual claimant nations will claim percentage shares in such pool, the percentage in each case being determined on a "broad political basis", taking roughly into account all relevant factors including, of course, retained external assets. There is, of course, no reason why this general policy conclusion should not be reviewed. It may be questioned, however, whether a different conclusion would result.

8. *Information and Education*: The recommendations made in this section are extremely valuable. They are on a vital subject recently submerged by concentration on economic matters. Preoccupation with recovery has tended to eclipse interest in the basic objective of freeing the minds of the Japanese.

It is fully agreed that censorship should be lifted on incoming literary materials and that pre-censorship should also be lifted and post-censorship limited to matter directly endangering achievement of the purpose of our occupation.

SCAP should indeed be directed and enabled to publish U.S. books for which copyright privileges have been obtained and an intensive program should be instituted to increase the publication and circulation of important literature. Funds for newsprint should be included in the 1949 budgets unless availabilities are adequate. The suggestion of using an off-shore transmitter to beam programs to Japan seems useful. However, it is felt that there should be no hesitancy in using stations in Japan to broadcast programs which will fundamentally, if not in detail, counteract Soviet broadcasts.

It is highly desirable that the recommendation on the interchange of persons be implemented at once. It is unnecessary to issue an interim directive to SCAP authorizing bilateral agreements, since he has already been informed by cable that he may make such arrangements. The U.S. should begin this program by establishing a large exchange program. There are many indications that American universities and personnel in the educational field would be anxious to participate. It lies with SCAP and the Government to put such a program into effect at once.

The recommendation that the Japanese be permitted to allocate a higher proportion of the national budget to educational purposes is vital. The "bread and butter" outlook which has developed in Army administration in the occupied areas, has tended to neglect the fundamental objective of re-educating the people.

9. *War Crimes Trials*: The recommendation is concurred in, subject to comment from the Legal Adviser.



The argument in the discussion is not fully concurred in. The discussion on pp. 39-40 is, in part, inconsistent with the basic purpose of the trials and the principles they are intended to establish. It should be fundamentally revised in the final report.

#### V. STATE DEPARTMENT REPRESENTATION

This recommendation is fully concurred in, with the qualification that it should be taken up with General MacArthur as soon as possible for institution during his tenure. The idea of adopting it regardless of his wishes should not be excluded. As noted above (III, 2.) the existence of such a channel would facilitate fuller mutual understanding of this Government's and SCAP's views.

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740.00119 Control (Japan)/4-1248

*Memorandum of Conversation, by the Chief of the Division of  
Northeast Asian Affairs (Allison)*

CONFIDENTIAL

[WASHINGTON,] April 12, 1948.

Mr. Graves called this afternoon and stating that he acted under instructions inquired concerning the status of the message addressed by the Supreme Commander on January 18 to the United States Secretary of the Army and released in Tokyo on March 31.<sup>1</sup> He left with me a copy of this statement, attached hereto, which had not hitherto come to my attention, and stated that the British Mission in Tokyo understood that the message was also to be released in Washington.

Mr. Graves said that no one could take exception to the United States Commander's sending a message to the United States Secretary of the Army, and including in it any recommendations considered desirable. However, when this message was later released by the Supreme Commander for the Allied Powers in Tokyo it did seem to suggest a confusion of functions between capacity as United States Commander and as SCAP. In connection with other statements which have been made in the past few weeks by various officials, Mr. Graves said that the release of this message inclined the Foreign Office to wonder whether or not a radical change was to be made in United States policy toward Japan and he referred specifically to the statement in the message that "we should while progress toward the restoration of formal peace is stalemated unilaterally, or with other Allied Governments similarly inclined, release as far as possible" existing restrictions on trade and commerce and the right of Japanese to go abroad. Mr. Graves mentioned particularly the problem of Japanese businessmen going abroad and expressed the strong hope that the United States would not take

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<sup>1</sup> *Political Reorientation of Japan*, p. 778.

unilateral action in this regard without first having attempted to gain FEC approval. He specifically mentioned the difficulties facing foreign businessmen in Japan and pointed out that such difficulties did not face Japanese businessmen going abroad at the present time. When it was pointed out to Mr. Graves that the dispatch of Japanese businessmen abroad might have a favorable effect upon the Japanese economy and thereby bring about sooner favorable conditions for foreign businessmen in Japan, Mr. Graves said that that was an aspect of the matter which had not been sufficiently put forward. He said that what the British Government feared was unilateral action based only on the opinion of SCAP and that if the traveling of Japanese businessmen abroad would be of assistance in the early rehabilitation of the Japanese economy and that if such an argument was presented to the FEC, which he claims has not yet been done, the British Government would be willing to consider the matter from that point of view. Mr. Graves concluded by re-emphasizing that his Government did not wish to question the right of the Supreme Commander's capacity as CINCFE to make any recommendations he saw fit to the United States Government, but only to point out that when such recommendations are issued in a public release from SCAP Headquarters in Tokyo it does create the definite impression of being a statement of unilateral American policy which would seem to ignore the FEC which had been established to consider just such matters of policy.<sup>2</sup>

Mr. Graves was told that as far as I knew this message had not been officially released in Washington as a statement of American policy, that from a quick reading of the message it appeared to me to be merely recommendations from the Commander in the field to the Department of the Army for use in budgetary hearings and that my personal opinion was that little exception could be taken to most of the substantive recommendations in the message. I stated that I would pass on Mr. Graves' remarks to the appropriate authorities in the Department.

In departing Mr. Graves informed me that Ambassador Gascoigne had been instructed to take up the matter personally with the Supreme Commander.

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<sup>2</sup> Similar concern at possible by-passing of the Far Eastern Commission was expressed by a representative of the Australian Embassy on April 19.

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894.628/4-1348

*The Department of State to the Australian Embassy*

AIDE-MÉMOIRE

The Department of State desires to refer to earlier communications on the subject of the 1946-47 and 1947-48 SCAP-administered,

Japanese-manned Antarctic whaling expeditions, and to inform the Government of Australia, in view of its previously expressed interest in this matter, that the Secretary of State has been advised by the Supreme Commander for the Allied Powers in Japan that it is desired to authorize the Japanese Government to begin preparations for a 1948-49 expedition similar to the two already held.

It is the Supreme Commander's view that the continuing acute shortage of necessary food products in Japan, and the importance of maximizing foreign exchange resources for the procurement of essential imports for Japan, render a third expedition necessary. The Supreme Commander states that it is contemplated that three factory ships, with accompanying vessels, will be employed on the expedition. He further states that adequate steps will be taken by him to insure that all international whaling regulations are scrupulously observed on the expedition; that Allied observers will be welcomed on the expedition to observe compliance with the regulations; and that all supplies of whale oil obtained by the expedition will be made available for allocation by the International Emergency Food Council.

The Department of State will be glad to transmit to the Supreme Commander for his careful consideration such views as the Australian Government may care to submit regarding the contemplated expedition.

WASHINGTON, April 13, 1948.

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761.94114/4-1348

*The Acting Political Adviser in Japan (Sebald) to the Secretary  
of State*

RESTRICTED  
No. 227

TOKYO, 13 April 1948.  
[Received April 20.]

SIR: I have the honor to refer to this Mission's previous despatches on the subject of the repatriation of Japanese from Soviet controlled territory and to report that the Office of the Supreme Commander for the Allied Powers has recently received two communications on this subject signed by the Speaker of the House of Representatives of the Japanese Diet, the President of the House of Councillors and the Chairman of the Standing Committee for Repatriation of the House of Representatives. One letter is addressed to "His Excellency Premier Joseph Stalin,<sup>1</sup> U.S.S.R." and the other to "His Excellency President

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<sup>1</sup> Iosif Vissarionovich Stalin was Chairman of the Council of Ministers of the Soviet Union.



N. Shvernich,<sup>2</sup> The Executive, the Supreme Council, U.S.S.R." The letters which are identic, are both dated March 27, 1948, and they are accompanied by one set of folios containing the signatures of the Members of the House of Councillors and the House of Representatives.

In these communications the request is made by the Houses of the Japanese Diet that the Repatriation Agreement of December 19, 1946 be revised to make possible an increase in the number of persons repatriated monthly, and assurance is given that the Japanese Government has reception facilities to accommodate 150,000 persons per month.

Both letters have this day been forwarded to the Soviet Member, Allied Council for Japan, for onward transmittal to the addressees.

A copy of these identic communications is forwarded herewith as an enclosure.<sup>3</sup>

Respectfully yours,

W. J. SEBALD

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<sup>2</sup> Nikolay Mikhailovich Shvernik was Chairman of the Presidium of the Supreme Council of the Soviet Union, 1946-1953.

<sup>3</sup> Not printed.

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740.0011 PW (Peace)/4-1948

*Memorandum by Mr. Philander P. Claxton, Jr., Special Assistant to the Assistant Secretary of State for Occupied Areas (Saltzman), to Brigadier General Saltzman*

[WASHINGTON,] April 19, 1948.

With the thought that it may have some significance with regard to Soviet thinking, I should like to bring to your attention some questions asked me by Mr. Korobochkin, Counselor of the Soviet Embassy, at General McCoy's garden party on Thursday, April 15th.

I had never met Mr. Korobochkin and was introduced as a member of your staff. In the course of the usual polite conversation he asked when I thought the work of the FEC would be completed. After a non-committal answer, he pressed the question once or twice in different ways, explaining as he went along, that he was anxious to return to his own country.

A few moments later, Mr. Korobochkin introduced the question of the Japanese peace treaty, asking whether the United States had prepared a draft of a treaty. I replied that during the period when we were discussing a treaty conference with FEC countries, we had of course considered what form we should like to see the eventual treaty take. He then asked politely but quite directly, "Pardon me, but could we see such a draft?" When I replied that these were of course only our internal working papers, he said even though they were only tenta-

tive, could they perhaps see them. This question was repeated in one form or another three times before we were joined by other people and the conversation directed into other channels.<sup>1</sup>

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<sup>1</sup> In response to a query from the Director of the Office of Far Eastern Affairs (Butterworth), the Deputy Director of the Office of European Affairs (Thompson) on April 23 wrote: "I think the Russians would be interested in a treaty if they thought they could get one at all to their liking. It was probably light on this point that Korobochkin was seeking. I also suspect however that in view of the firm line we are taking in Europe they are endeavoring to reappraise our aims and probable actions in the Far East and thought that the tenor of our draft of the Japanese Peace Treaty would contain some clues on this subject." (740.0011 PW (Peace)/4-1948)

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740.00119 Control (Japan)/4-2848

*Memorandum by Brigadier General C. V. R. Schuyler,<sup>1</sup> of the Department of the Army, to the Director of the Office of Far Eastern Affairs (Butterworth)*

TOP SECRET

WASHINGTON, 28 April 1948.

Subject: United States Policy Toward Japan

1. In accordance with our telephone conversation, I am transmitting to you informally an advance copy of our proposals<sup>2</sup> concerning rewording of various paragraphs of the Japanese policy paper.<sup>3</sup>

2. As I have already mentioned to you, these proposals have not yet received Mr. Draper's final approval. We feel, however, that at least the majority of our suggested changes will meet with his agreement.

3. The paragraph on the Far Eastern Commission is admittedly a "first-cut." We realize that its final form must depend to a considerable extent upon the further study which you indicated to Mr. Draper, at our last meeting, that you were going to make.

4. Our proposals on the wording of the paragraph on reparations will be transmitted to you separately.

5. In pursuance of Mr. Saltzman's suggestion, we will be glad to meet with you for further discussion, at your earliest convenience.

C. V. R. SCHUYLER  
Brigadier General, GSC

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<sup>1</sup> Chief, Plans & Policy Group, Plans and Operations, Army General Staff.

<sup>2</sup> "Recommendations with respect to U.S. policy toward Japan," not printed.

<sup>3</sup> Compare *ante*, p. 691.

740.00119 FEAC/4-2948

*Memorandum by Mr. Hugh Borton, Special Assistant to the Director of the Office of Far Eastern Affairs (Butterworth), to the Director*

CONFIDENTIAL

[WASHINGTON,] April 29, 1948.

Subject: FEC Meeting of April 29, 1948

*Maritime Safety Authorities Bill*

General McCoy opened the discussion on the New Zealand proposal to have implementation of the Bill postponed until after the FEC had had adequate opportunity to consider the matter, by stating the U.S. views had been set forth at the Steering Committee meeting of April 27 (see attachment to my memorandum reference Steering Committee dated April 28<sup>1</sup>). The U.K. member stated under instructions that his Government was anxious that there be no implementation of the law until after the FEC had had time to consider the matter, that no vessels should be over 300 tons and that their speed should be reduced to 12 knots. He stated his Government approved the New Zealand policy. (The Bill permits vessels of 1500 tons and 15 knots.) The French representative stated his Government approved the New Zealand proposal because the Bill did not make adequate provision concerning the armament and nature of the vessels and it provided for contact with allied nationals when Japan was still technically at war and consequently there was no legal basis for such contact. The Canadian representative said his Government opposed the New Zealand policy. The Chinese member supported the New Zealand proposal as he wished to have time to consider the question of how the patrol ships should be equipped.

The United States member then stated that the Japanese constitution provides there should be no army and navy and that SCAP was strictly interpreting this provision. He added that it would be wrong for the FEC to interfere with the normal operations of the Japanese Government unless the Japanese Government took an action which clearly contravened FEC present policies. He stated that the FEC can, if it wishes, pass a governing and controlling policy at any time but that according to SCAP reports the present Bill is consistent with the FEC Disarmament paper.<sup>2</sup> He further stated that no naval officers are to be used in the operation and that present ships used for this purpose

<sup>1</sup> Not found attached to file copy.

<sup>2</sup> See FEC-017/20, February 12, 1948, *The Far Eastern Commission*, 2d report, p. 19.



are small and are under the 12-knot limit suggested by the U.K. member. The French member then stated that there was no legal basis for the Japanese right to search foreign ships and that such legality could be obtained only by passage of a policy decision by the FEC. The U.S. member answered this charge by quoting from the Terms of Surrender which state that the authority of the Emperor and the Japanese Government are subject to SCAP.

The Australian member stated that as the FEC, as opposed to the Japanese Diet, governs Japan the Commission should have the right to delay action on any Bill before the Diet as long as it wished and must clearly supervise whatever the Diet does until there is a peace treaty. General McCoy vehemently challenged this statement by emphasizing that SCAP governs Japan as the sole executive authority. The Indian member said he would abstain from voting, while the Philippine member stated that as substantial amendments to the law were necessary to make it consistent with FEC policies, he would favor the New Zealand proposal. The Soviet member stated that the FEC should pass a policy decision prior to promulgation of the Bill and moved an amendment to the New Zealand proposal which would require an FEC decision prior to promulgation of the bill. This amendment was defeated by a vote of 7 to 1. In the final vote on the New Zealand proposal, India and the Soviet Union abstained, the U.S. and Canada opposed, and the other countries voted in favor of it. The paper was lost because of the U.S. veto.

The New Zealand member then asked that the Maritime Safety Authorities Bill, when an official text of the bill as passed arrived, be placed on the agenda of the Steering Committee.

The Commission did not consider any other matters on its agenda.

H[UGH] B[ORTON]

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740.00119 FEAC/4-3048

*Memorandum by the Chief of the Division of Northeast Asian Affairs (Allison), to Mr. Maxwell M. Hamilton*

TOP SECRET

[WASHINGTON,] April 30, 1948.

Subject: Army Department Amendments on Kennan Report

I have had an opportunity to read over only hurriedly the Army recommendations,<sup>1</sup> but there are one or two observations I would like to make at this time. I should think that the State Department might be able to go along with the Army in its amendment in almost all cases with the exception of the addition to the paragraph on "Post

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<sup>1</sup> See Brigadier General Schuyler's memorandum of April 28, p. 740.

Treaty Arrangements", at the top of page 22 of the document attached, and with the paragraph on the Far Eastern Commission.

With respect to the Army's addition to the paragraph on post treaty arrangements. I feel that it would be most unwise for such a statement to appear in an official government recommendation at this time, no matter how secret it is to be kept. While I have considerable sympathy with the desire of the Army to include this statement, and while I have always felt that the provision in the Japanese Constitution that Japan would have no defense forces of any sort is unrealistic, nevertheless I do not feel that such a bald statement as desired by the Army can now be made. It seems to me that the realities of the situation are adequately taken care of by the wording in the original recommendation, which certainly provides for a degree of flexibility and makes it possible for us to decide, when the appropriate time comes, what the best course may be.

I do not wish to treat at length now the paragraph on the Far Eastern Commission, as I have been thinking very seriously about this question recently and hope to come up with a more detailed recommendation in a short time. However, it seems to me that this Government can not adopt a completely negative attitude, such as displayed in the Army's recommendation, if we wish to retain the cooperation and friendship of our natural allies in the Pacific. Before any agreement on such a statement as the Army proposes, we should give very serious consideration to all the implications involved.

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740.00119 Control (Japan)/4-3048

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

No. 252

Tokyo, April 30, 1948.

[Received May 5.]

SIR: I have the honor to refer to this Mission's despatch No. 231 of April 16, 1948<sup>1</sup> and to previous correspondence in regard to meetings of the Allied Council for Japan, and to forward as enclosures<sup>2</sup> five copies each of the Agenda and Corrected Verbatim Minutes of the fifty-seventh meeting of the Council held on April 28, 1948. As there were neither official nor procedural matters on the agenda, the meeting was adjourned after approval of the corrected verbatim minutes of the fifty-sixth meeting.

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<sup>1</sup> Not printed.

<sup>2</sup> Enclosures not printed.

Immediately after the fifty-seventh meeting was adjourned, the fifty-eighth special meeting was held. Five copies each of the Agenda and Corrected Verbatim Minutes of this meeting are enclosed. The special meeting was called for the purpose of a discussion of the Maritime Safety Authorities Bill, a subject proposed by the Member representing jointly the United Kingdom, Australia, New Zealand, and India. Five copies of this bill (in translation), which was enacted into law by the Japanese Diet on April 15, 1948,<sup>3</sup> are enclosed.

A copy of a letter dated April 23, 1948 and sent to me by Mr. Patrick Shaw, the British Commonwealth Member, requesting that the day upon which this law should come into effect be delayed and that the matter be discussed at a meeting of the Allied Council, is also enclosed. In response, I called the special meeting and placed this subject on the agenda; I also pointed out to Mr. Shaw before the meeting that since the law had been duly passed by the Japanese Diet and provided by its terms (Article 34) that it was to become effective not later than May 1, 1948, this Headquarters was not in a position to delay the effective date of the law as requested. It was informally arranged, however, that the necessary Cabinet Order would not be promulgated until May 1, 1948, a procedure which appeared to satisfy Mr. Shaw.

In his opening statement, Mr. Shaw declared that he had no wish to make a detailed examination of the act and that the Far Eastern Commission, which now has the legislation before it, is a more appropriate place to consider the technical aspects involved. He emphasized the importance of the law and stated that a perusal of the bill had indicated to him that the more sensational details of earlier press reports as to its contents were inaccurate. He concluded, however, by saying that the principles involved in the legislation were important enough to have warranted some prior advice either to members of the Council or the Far Eastern Commission.

In answer I stated that there seemed to be an implication in the statement of the British Commonwealth Member that the Supreme Commander had acted beyond his authority in this case. I then described the view of the United States Government that the Supreme Commander's authority is derived from four sources: United States directives issued to him before the establishment of the Far Eastern Commission, directives based on Far Eastern Commission policy decisions, interim directives issued by the United States Government, and the general authority of the Supreme Commander as "the sole executive authority for the Allied Powers in Japan." I stated that the Supreme Commander's general authority empowered him to act when the administrative necessities of the occasion required even though he

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<sup>3</sup> Law 28, April 27, *Political Reorientation of Japan*, p. 1090.



had received no applicable directive. There is a somewhat wide area in which the Supreme Commander and the Far Eastern Commission both have jurisdiction; a Far Eastern Commission policy decision is controlling, but where there is no applicable policy, the Supreme Commander can act pending a Far Eastern Commission policy decision. In this instance the Supreme Commander was acting to meet the administrative necessities of the Occupation of Japan and was therefore within his authority in permitting passage of this law by the Japanese Diet.

I said there was nothing in the Terms of Reference of the Allied Council making it mandatory or necessarily desirable that the Supreme Commander give prior advice to the Council in cases of this sort. I noted that no directive had been issued to the Japanese Government to provide for the establishment of a Maritime Safety Authority, and that the function of General Headquarters was in this case confined to consultative assistance with a view to carrying out an obviously necessary administrative measure. I pointed out that the law under discussion had been sent to the Far Eastern Commission as a matter of routine and had been circulated to the Commission on April 9, 1948, and added that it was now the prerogative of the Far Eastern Commission to consider the problem and not that of the Allied Council.

As for the law itself, I observed that its purpose was to fill a hiatus in the Japanese police system caused by the abolition of the former Japanese water police, and that police measures to control illegal traffic in near-by Japanese waters were obviously necessary.

In conclusion I stated that there had been no transgression in fact or in spirit of any policy decision of the Far Eastern Commission and that it was inappropriate for the Allied Council, a subordinate and consultative body, to enter upon a parallel discussion with the Far Eastern Commission, the ultimate policymaking authority.

The Chinese Member emphasized the importance of the law in assuring maritime safety and stated that in accordance with the primary objective of the Occupation to ensure that Japan be a peaceful nation, great care should be taken to guard against an abuse of power by the Japanese leading to a resurgence of their naval strength. Supervision of the technical details of the law, in his opinion, should be left to Headquarters.

The Soviet Member opened a formal statement by asserting that there was no necessity for the Supreme Commander to act unilaterally, without consultation, and prior to a decision of the Far Eastern Commission on this matter. He could not agree that the Supreme Commander had authority to ignore the Allied Council, for this was in

violation of paragraphs one, five and six of the Terms of Reference of the Council. In contrast to his usual procedure of pausing at the end of each sentence for a translation into English, the Soviet Member then proceeded to complete a rather lengthy statement in Russian.

He said first, that it was necessary to point out other unilateral acts by the Supreme Commander and instances where the Supreme Commander unilaterally allowed the Japanese to act. I interrupted the interpreter and insisted that the Soviet Member confine himself to the subject on the agenda. The Soviet statement then described the expansion of the Japanese police force, referring to special armed police units and to plans for further strengthening of the police. I again insisted that remarks of the Soviet Member be confined to the subject on the agenda, namely, the Maritime Safety Authority Law. The Soviet statement proceeded by referring to articles in the Japanese press commenting on plans for further police expansion and additional arms, including even cannon. I stated that these reports were not true.

Turning to the law under discussion, the Soviet statement asserted that the wording of Article IV was sufficiently vague to permit armament of these vessels authorized by the provisions of the law. The Soviet Member claimed that the Supreme Commander was helping the Japanese to rearm and pointed to a directive issued to the Japanese Government on April 22, 1947 (Scapin 1622) which authorized the Japanese Government to use thirty-eight disarmed naval small craft for patrol purposes. In conclusion, the Soviet Member recommended that enforcement of the Maritime Safety Authority Law be suspended until the Far Eastern Commission reached a decision on the matter.

I then distributed photographs of one of the twenty-eight submarine chasers to be used as patrol boats and described its specifications; I emphasized that the vessels were not armed and were not capable of being used for military purposes.

The British Commonwealth Member stated that he did not wish to question the authority of the Supreme Commander nor the basic purpose of this legislation, but that the question of how far this law squared with Far Eastern Commission policy decisions was a matter for the Far Eastern Commission to decide. He also stated that there was a considerable difference between the authorization permitted by Scapin 1622 and the authority conferred by the law under discussion. He said that he could not accept the contention that since there had been no order to the Japanese Government, there was no need to consult with the Allied Council, and reiterated that some prior advice would have been appropriate.

I pointed out that the maritime law was designed to cover several activities and hence a seemingly large number of people would be re-

quired for its implementation. I adduced statistics as to the number of illegal entrants into Japan actually apprehended during the last two years in order to show the need for a coast guard patrol.

The Chinese Member briefly reiterated the position he had taken earlier, and in the absence of further comment, the meeting was adjourned.

Respectfully yours,

For the Acting Political Adviser:

DAVID C. BERGER  
*Foreign Service Officer*

894.628/5-448

*Memorandum of Conversation, by Mr. Philander P. Claxton, Jr., Special Assistant to the Assistant Secretary of State for Occupied Areas (Saltzman), to Brigadier General Saltzman*

CONFIDENTIAL

[WASHINGTON,] May 4, 1948.

[Participants:]

The Australian Ambassador, Mr. Makin	O - Mr. Saltzman
The Australian Embassy, Mr. Bullock	O - Mr. Claxton
The Australian Embassy, Mr. Harry	NA - Mr. Allison

The Australian Ambassador called at his request and was received by Mr. Saltzman 4:45 p.m., Wednesday, May 4.

Mr. Makin read the attached *aide-mémoire* regarding Antarctic whaling.<sup>1</sup> He departed from the *aide-mémoire* to emphasize: (1) that Australia regards Antarctic whaling by the Japanese as a matter of principle upon which the FEC should adopt a policy; (2) that the addition of a third factory ship would enable the Japanese to handle more whales and thus reduce the number available to Allied countries; and (3) that Australia felt the treatment accorded its observer on the last expedition was not satisfactory.<sup>2</sup>

Mr. Saltzman pointed out the need of the Japanese for food and the great value of whaling in supplying this need. Mr. Makin said Australia felt this need should not be supplied at the expense of the Allies who needed the same food. Mr. Saltzman said the U.S. appreciated this view but also felt that Japan should not be deprived of the benefits of whaling in a way to cause additional expense to one of the Allies—the United States. Mr. Saltzman said the U.S. had not been aware of Australia's feeling that the treatment of its observer was not satisfactory.

<sup>1</sup> Not printed.

<sup>2</sup> The New Zealand Legation on May 6 made similar representations. (894.628/5-648)



Mr. Makin then expressed concern at what appeared to be the developing attitude by SCAP to bypass the Far Eastern Commission. He made the following declarations in addition to the points made in the attached statement<sup>3</sup> from which he spoke.

*SCAP's Press Release*

He felt it was appropriate for SCAP to send this letter to the Department of the Army but not to release it to the press.<sup>4</sup>

*Japanese Coastal Patrol*

He expressed Australia's surprise that action should be taken on the coastal patrol of Japanese waters without policy action by FEC. Australia feels the Japanese Diet should not be regarded as having the right to make a determination in this situation without realizing the right of the Far Eastern Commission to make a policy determination—and thus to bypass the FEC. He emphasized that this problem relates to the external relations of Japan. A Japanese patrol, he said, could intercept and search Allied vessels. The Supreme Commander for the Allied Powers is for *all* the Allies. FEC should be allowed to express a policy in order that its member nations may be sure that a coastal patrol would not grow to be a serious security threat twenty-five years from now. FEC should be able to pass on the size and speed of the vessels and the size of the crew. Despite the fact that FEC had a policy paper under consideration, even delay pending consideration of this paper was vetoed by the U.S. FEC was not given a chance to consider the final bill itself. The fact that seven members supported, two abstained and two opposed the proposal for delay, shows the concern of other members over the unilateral character of the action. In the course of Mr. Makin's remarks, Mr. Saltzman pointed out that SCAP's action was properly within his authority and not contrary to any FEC policy decision.

*Japanese Going Abroad*

Australia does not deny that SCAP has the power to allow Japanese to go abroad but questions whether SCAP should exert these powers when the FEC has the matter under consideration. The U.S. itself has three papers on this subject in the FEC, thus recognizing the right of FEC to take action. "Where do we come in", Mr. Makin asked. Mr. Saltzman assured Mr. Makin that the U.S. has no intention to bypass FEC on matters coming under its terms of reference. Mr. Makin expressed appreciation of this assurance and repeated that Australia does not say that such action is beyond SCAP's powers—it feels that

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<sup>3</sup> Not printed.

<sup>4</sup> *Political Reorientation of Japan*, p. 778; see memorandum of April 12, p. 736.

FEC should be consulted while the question is on the agenda. Australia would not object to visits abroad by Japanese upon the concurrence of the country to be visited and upon the approval of the FEC. He felt there should be no difficulty in referring the matter to the FEC for concurrence. He emphasized that if the Japanese were allowed to circulate too freely, the Allies would find themselves unable to impose on Japan in the peace treaty the terms which should be imposed. Australia does not want the Japanese to be able to build up the idea that they are a highly desirable people, to be readily accepted. Australia does not want to let them escape their just punishment. At this point Mr. Saltzman stated that the U.S. does not want any more than Australia or the other Allies for the Japanese to be able to revive their aggressive abilities in any field, military or otherwise. On the other hand, the U.S. is considering the entire situation carefully in order to be sure that we are taking the proper steps to build up a new and peaceful Japan with which we can all live and which will not be subject to the blandishments of other ideologies.

#### *Bauxite*

Mr. Makin stated that Australia questions SCAP's importation of bauxite at a time when the interim decision of the FEC on availabilities from the aluminum industry provides for its entire removal. This bauxite has been brought in without consultation with the FEC. He said that if SCAP had come to the FEC and stated its needs for specific purposes, FEC would have agreed on the modified use of facilities. Mr. Makin said that no one appreciates SCAP more than Australia but because he is the Supreme Commander for *all* the Allies, Australia feels it should be brought in to such questions through the FEC.

#### *Fishing*

Mr. Makin said nothing beyond the attached written statement.

Mr. Makin concluded his statement by saying that he may raise some of these matters with the FEC on Thursday. He wished to advise the U.S. in advance.

Mr. Harry said that Australia's concern had not been because of individual instances but with a series of actions which were felt to indicate a trend. He therefore regarded as very interesting Mr. Saltzman's statement that the U.S. was giving general consideration to the problem of establishing a peaceful Japan which could resist the blandishments of other ideologies. He hoped that the U.S. would be able to discuss its further views at a later time. Mr. Saltzman stated that the U.S. was fully appreciative of the very real interest of Australia and the other Allied countries in this problem and that it was our intention

to have further discussions with Australia and other interested countries later on.

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894.50/4-948

*Memorandum by the Assistant Secretary of State for Occupied Areas (Saltzman), to the United States Representative on the Far Eastern Commission (McCoy)*

CONFIDENTIAL

WASHINGTON, May 6, 1948.

In reference to your letter of April 9, 1948 to the Secretary of State<sup>1</sup> concerning a statement of the Soviet representative on the Far Eastern Commission presented at the meeting on April 8, 1948, I am enclosing a proposed reply for your use in the Commission.

CHARLES E. SALTZMAN

[Annex]

*Proposed Reply to Soviet Representative*

STATEMENT BY U.S. MEMBER, FEC, CONCERNING PLANS FOR JAPANESE SELF-SUPPORT

On April 8, 1948, the Soviet representative on the FEC made a statement, circulated as FEC 298/2 concerning planned credits for the reconstruction of Japanese industry. The statement concluded that "the Soviet Delegation considers it necessary to state, in order to make clear that without the policy decision of the Far Eastern Commission on the question of the reconstruction of Japanese industry no other unilateral decisions and actions could be considered legal".

I have been instructed by my Government to state that it is of the opinion that no Far Eastern Commission policy precludes the Supreme Commander for the Allied Powers from assisting Japan in its exercise of the right to have peaceful industries adequate for its self-support. On the contrary, the Potsdam Declaration assures Japan the right to a self-sustaining economy. Policy decisions of the Far Eastern Commission reenforce that assurance.

For example, the Interim Import-Export Policy for Japan,<sup>2</sup> approved by the FEC on August 18, 1947 states in paragraph 9 and 10:

"For the purposes of this paper imports are divided into the following three categories:

"a. Imports received [*required?*] to prevent such widespread disease and unrest as would endanger the occupying forces;

<sup>1</sup> Not printed, but see memorandum of April 8, p. 724, and annex 2, p. 725.

<sup>2</sup> For text of FEC-032/26, July 24, 1947, see *The Far Eastern Commission*, p. 31; see also bracketed note, *Foreign Relations*, 1947, vol. VI, p. 263.



“b. Imports required to accomplish the objectives of the occupation;

“c. Other imports requested by the Japanese Government.

“For the time being import programs under categories 9 *a* and *b* are authorized subject to availability of items and funds and such other limitations as may be operative . . .”

In the above quoted policy decision of the Far Eastern Commission, the Supreme Commander for the Allied Powers is authorized, within limitations of other controlling policies, and more particularly within the limits of available funds and items, to arrange imports with Japan to accomplish the objectives of the occupation. The attainment of Japanese self-support clearly is one of such objectives. In the past Japan's shortage of funds and needed items has held Japanese industrial output to less than 50% of the 1930-34 level and exports to less than 25% of those required to make Japan self-supporting. The U.S. announcement to the Commission on January 21, 1948, to which the Soviet statement referred, states the intention of the U.S. to assist in removing that obstacle to self-support.

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740.0011 PW (Peace)/5-1048

*Memorandum of Conversation, by the Director of the Office of Far Eastern Affairs (Butterworth)*

TOP SECRET

[WASHINGTON,] May 10, 1948.

Participants: Mr. H. A. Graves, Counselor of British Embassy  
Mr. George F. Kennan, Director, S/P  
Mr. W. Walton Butterworth, Director, FE

Mr. Graves of the British Embassy called at Mr. Kennan's and my request<sup>1</sup> and we explained in a frank and tactful way the apprehensions that Lord Inverchapel's letter of April 27<sup>2</sup> had aroused. We pointed out that Mr. Kennan had talked on more than one occasion with the British Ambassador in Tokyo, indicating that following his return to the United States and the requisite consultations here it could be anticipated that conversations with the British would follow. We did not wish, in any way, to interpose ourselves between the members of the British Commonwealth; at the same time, we were desirous of undertaking detailed discussions with the United Kingdom before any Empire position was firmed up which might be subject to modification in the light of these discussions.

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<sup>1</sup> Mr. Kennan in a memorandum of May 5 had informed the Secretary of State and the Under Secretary in advance of this request.

<sup>2</sup> The British Ambassador's letter not printed; it advised the Department of the forthcoming visit a month later of Mr. Denning.

Mr. Graves took the line that Mr. Dening's trip was the natural sequel to the Canberra conference since the contemplated peace conference had not come to pass and he expressed the view that Mr. Dening's talks would not be confined to Japan but to the Far East in general. In this connection, I read him London's 1999, May 7, 6 p. m.<sup>3</sup> Mr. Graves said that his information had not indicated such a preoccupation on the part of Mr. Dening with Japanese matters but that in any case he felt sure London would appreciate our expression of the Department's views and agreed to telegraph to both the Foreign Office and Mr. Dening.

Mr. Kennan also explained that his engagement schedule called for him to be in Canada the last of this month and that he might be authorized to proceed to Ottawa to undertake similar discussions with the Canadians. Accordingly, we suggested that it would be desirable for Mr. Dening to reach Washington before that time. It was made clear to Mr. Graves that we would welcome exploratory conversations with Mr. Dening here but that we could not be sure that certain difficult and contentious policy issues would have been entirely resolved within this Government by the time he arrived, and that these might well have to be the subject of subsequent conversations.

It was agreed that this conversation would constitute a reply to the British Ambassador's letter and Mr. Graves undertook so to record the matter with Lord Inverchapel.

As I saw Mr. Graves to the door, he said, "Of course, you must realize that the successful implementation of any new U.S. policy would entail a new and more energetic leadership in the FEC."

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<sup>3</sup> Not printed; it reported the British wish to restore relations with Japan to more nearly normal conditions.

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740.0011 PW (Peace)/5-1148

*The Counselor of Embassy in the United Kingdom (Dickover) to the  
Director of the Office of Far Eastern Affairs (Butterworth)*

TOP SECRET

LONDON, May 11, 1948.

[Date of receipt not indicated.]

DEAR BUTTERWORTH: The Embassy designated me as the officer who was to observe and participate in the discussions which Seymour Janow, of SCAP HQ, had with the British authorities in regard to trading arrangements between the sterling areas and Japan. This involved morning and afternoon discussions with officials of the Foreign Office, the Treasury, the Bank of England, the Board of Trade, and the trading banks, and consequently for about two weeks I had

no time to pursue my usual occupation of trying to ascertain British thought in regard to the various problems of the Far East. However, here are some notes on the general subject.

*Japan.* When I finally got around to the Foreign Office to see MacDermot<sup>1</sup> about Denning's trip to Australia, I found him (MacDermot) surprisingly frank. He said that some decisions should be made as soon as possible in regard to the future of Japan; that if the UK and the US could talk things over alone we could undoubtedly easily arrive at satisfactory conclusions, but that the UK had to consider the wishes of her obstreperous children, Australia and New Zealand; that it is hoped that agreement can be reached with the Australian and New Zealand representations in Canberra; and that then Denning would go to Canada and try to get Canada's agreement. If those Dominions are fairly in accord, Denning would proceed to Washington. There he would present the British Commonwealth case; if we could prove that they are wrong, they would back down; if they could prove that we are wrong, they would expect us to back down. MacDermot said that there had been considerable talk about a difference of opinion between the US and the UK in regard to the level of industry to be permitted Japan in the post-treaty world, but that he thought that there was no real difference. The Foreign Office was of the opinion that there should be no restrictions upon Japanese industry except those necessary for reasons of security. I remarked that that was roughly the State Department view, but that it was my impression that British industrialists, especially the textile industrialists, wanted to place severe restrictions upon Japanese industry. MacDermot said that the Foreign Office had reconciled itself to strong Japanese competition in the future and that British industrialists would have to do the same.

MacDermot then showed me the secret telegram which had been sent to the British Ambassador in Washington on April 24, instructing him to inform Mr. Lovett of Denning's trip and the reasons therefor. He said that the reason for secrecy resided in the British desire not to appear to be organizing a bloc opposed to the U.S. He said that in the FEC the UK and the Dominions had 5 votes out of 11; that with Pakistan admitted to the FEC they will have 6 out of 12; that if Burma (where the British have still much influence) is admitted, they will have 7 out of 13; and that if Ceylon is admitted, they will have 8 out of 14. The Foreign Office does not wish to have such a bloc formed, and therefore is leaving the Asiatic dominions and ex-colonies out of the present conversations. But the Asiatic territories would greatly resent

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<sup>1</sup> D. F. MacDermot, Head of Japan and Pacific Department, British Foreign Office.



being ignored in this way, so the whole matter was kept secret, until it leaked out in a Sydney newspaper.

I asked if it was intended that the conversations would lead to a peace treaty with Japan. MacDermot said that they might or they might not. The present plan was simply to try to work out a program for the future of Japan, which could be presented to the FEC, or, if Dr. Evatt<sup>2</sup> has his way, to a peace conference.

I referred to the fact that the UK and Australia, in Washington, London and other places, had from time to time expressed dissatisfaction over the failure of the US Government to keep the Allies adequately informed of the reasons behind the visits of various missions to Japan, including the two Strike missions, George Kennan's, Draper's and that of General Noce,<sup>3</sup> and wondered if this dissatisfaction had anything to do with Denning's visit to Australia. MacDermot promptly denied this, and said that Denning had no specific axes to grind—that his talks with the Australians and New Zealanders were only to be a continuation of the Canberra conference of last August and were to deal only with the general problem of the future of Japan. He added that the Foreign Office of course understood that the sending of the various missions to Japan presaged some sort of a change in U.S. policy toward Japan, but that the Foreign Office hoped that it would be consulted before this change in policy assumed definite form. The Foreign Office did not like to be presented with something on a "take it or leave it" basis; it preferred to be in on the formulation of policy.

Despite MacDermot's protestations that the British discontent over not being consulted in any forthcoming change of policy toward Japan will have no part in Denning's conversations with the Dominion representatives, I cannot but feel that discontent lies behind Denning's trip. The British feel that something is going on of which they are not informed and in which they are not invited to participate; therefore their only recourse is to work out something themselves, which they can present in opposition to (or perhaps more or less in agreement with) the U.S. proposal.

A series of articles entitled "Japan's Fatal Blunder" by Sir George Sansom, is being published in the *Manchester Guardian*. As my old friend George is now in the United States,<sup>4</sup> I presume that the same series is being published in some American newspaper; if not, please let me know and I shall send the series on to you. It deals with Japan's

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<sup>2</sup> Herbert V. Evatt, Australian Minister for External Affairs.

<sup>3</sup> Maj. Gen. Daniel Noce, Chief, Civil Affairs Division, Special Staff, U.S. Army.

<sup>4</sup> Marginal notation by Hugh Borton: "Sir George left for England in April. He will not be back here until late September. H B". He had retired as Minister at Washington in 1947.

psychological, economic and military blunders in the prosecution of the war.

[Here follow paragraphs on China and Siam.]

Very sincerely yours,

ERLE R. DICKOVER

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740.00119 Control (Japan)/5-1348

*Memorandum of Conversation, by Mr. Hugh Borton, Special Assistant to the Director of Far Eastern Affairs (Butterworth)*

CONFIDENTIAL

[WASHINGTON,] May 13, 1948.

Participants: Mr. G. R. Powles, Counselor, Legation of New Zealand  
Mr. Hugh Borton, FE

Mr. Powles called at his own request to discuss the latest U.S. proposal, FEC 300/7. He stated that he had not yet requested instructions on this paper but would suggest a revision in paragraph 1 as follows: "The capacity in which members of SCAP's staff attend such conferences shall be in accordance with the ~~terms of the invitation~~ *decision of the conference concerned.*" He said he suggested this change in view of the fact that the inviting nation could not bind the conference in any case as to the form SCAP's attendance should take. I replied that I would make inquiries in the Department concerning this suggestion. He reiterated the fact that this was only his personal suggestion but I got the impression that he felt his Government might accept our formula with this revision.

Mr. Powles proposed, on instructions from his Government, that the following paragraph be inserted in the paper: "SCAP should, however, inform the FEC immediately such an invitation is received and if prior to the opening of the conference the FEC decides attendance of members of SCAP's staff at the conference is undesirable, such members should not attend." I told Mr. Powles that I was certain that this suggestion would not be acceptable to the United States Government.

Finally, Mr. Powles noted that the paper said nothing about representation of the Japanese Government to which I replied we had purposely omitted that question as we thought it could be met at a later time. He answered, however, that his Government was anxious to have a statement which would prohibit representation of the Japanese Government prior to the peace treaty. When I said we could not tell how events might develop and such policy might be extremely unwise and too binding, he suggested the following: "If SCAP considers it necessary for the Japanese Government to be represented at Inter-Governmental Conferences the Far Eastern Commission should be

consulted on the matter." He pointed out that by a formula similar to this the United States would still be in a position to issue an interim directive on the matter if necessary.

### *Interim Directives*

Mr. Powles then stated that he will be raising officially with the Department in the near future the whole question of interim directives. He stated that his Government would feel much more sanguine about many of the steps which SCAP is taking if they were done as a result of interim directives as there would then be a firmer legal basis for such action than that which exists under our interpretation of SCAP's "executive authority". With, as he described it, the Allied Council for Japan having no real value, New Zealand's contact with the occupation of Japan is through the FEC and hence they feel it important to have interim directives which enables them to keep in touch with developments in Japan. I told him we would be glad to receive their views on this matter.

H[UGH] B[ORTON]

740.00119 FEAC/5-1448

*Memorandum by Mr. Hugh Borton, Special Assistant to the Director of the Office of Far Eastern Affairs (Butterworth), to the Director*

CONFIDENTIAL

[WASHINGTON,] May 14, 1948.

Subject: Far Eastern Commission Meeting of May 13, 1948

### *Lord Inverchapel's Retirement*

Lord Inverchapel came to pay his respects to the Commission prior to his return to England and in his informal remarks stated that he hoped the Commission would press for an early decision on the Level of Industry paper and that the United States Government would have a firm position on the matter in the near future.

### *Attendance at Inter-Governmental Conferences*

General McCoy presented FEC 300/7, the new U.S. position on the paper, as a substitute for our previous paper (FEC 300/6), which provided for both SCAP representation or attendance as observers at conferences. The Australian Ambassador read a statement to the effect that there was already a large body of support for the earlier New Zealand paper, that it was disappointing that the United States had retreated from a position which it had held in the past, and that the Australian Government was unable to support any position which stated or implied that SCAP could attend a conference in any capacity other than that of an observer. It was the view of the Australian Gov-



ernment that if a case arose where representation might be advisable, then the FEC should consider the matter on the merits of the case. Canada supported the new U.S. position and asked that a final vote on the matter be postponed. The New Zealand representatives agreed with postponement and no action was taken by the Commission on the paper.

No other important action was taken by the Commission, but Mr. Liu informed me that the Chinese had firm instructions on the Inter-Governmental Conference paper which would prevent them from approving any policy which went beyond restricting SCAP attendance to observers and restricting the conferences to technical ones.

H[UGH] B[ORTON]

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761.94115/5-2748

*Press Release Issued by SCAP at Tokyo, May 14, 1948, 1 p. m.<sup>1</sup>*

STATEMENT CONCERNING RESUMPTION OF REPATRIATION FROM SOVIET-CONTROLLED AREAS BY LT. COL. BEN L. ANDERSON, GSC, G-3  
REPATRIATION BRANCH

On 14 April 1948 the Supreme Commander for the Allied Powers received from the Acting Soviet Member, Allied Council for Japan notification that the current suspension of repatriation from Soviet-controlled areas, as imposed by the Soviets 1 December 1947, was to be terminated with the resumption of repatriation lifts from Soviet ports 3 May 1948. The letter requested SCAP-controlled shipping during the first 15 days of May to lift 14,000 repatriates from the Port of Nahodka (Siberia) and 10,500 repatriates from the Port of Maoka (Karafuto). The Soviet notification came as a reply to two previous SCAP letters dated 17 March 1948 and 13 April 1948 querying the Soviets as to the reopening of repatriation.

Again in a letter dated 30 April 1948, the Soviet authorities requested SCAP-controlled shipping to lift 12,000 repatriates from Nakhodka and 9,000 from Maoka during the last 15 days of May; this brings the number of Japanese for whom we may anticipate release from Soviet-controlled areas during the month of May 1948 to a total figure of 45,500.

In order to clarify any possible misunderstanding concerning the repatriation of Japanese nationals from Soviet-controlled areas, the following facts concerning the subject are reviewed:

Of the 6,606,996 Japanese estimated to be overseas at the conclusion of the war, 5,845,705 have been repatriated by the Supreme Com-

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<sup>1</sup> Copy transmitted to the Department in covering despatch 306, May 27, from Tokyo; received May 31.

mander for the Allied Powers, in implementation of the Potsdam Declaration which stated *inter alia*: "The Japanese military forces, after being completely disarmed, shall be permitted to return to their homes with the opportunity to lead peaceful and productive lives." This was later expanded for humanitarian reasons to include Japanese civilians overseas at the conclusion of hostilities. Of the estimated 761,291 remaining to be repatriated as of 7 May 1948, 692,423 are estimated as held by the U.S.S.R. in Soviet-controlled areas and 65,282 in those portions of Manchuria controlled by Chinese Communist forces. Retainees in these two areas comprise over 99% of all Japanese remaining to be repatriated. Mass repatriation from all other areas has been completed.

Repatriation from Manchuria is subject to the handicaps of a complete lack of communication with the Chinese Communist forces and the war-shattered transportation facilities in that area. However, SCAP stands ready to dispatch shipping to lift any increment of Japanese repatriates that the Chinese Nationalist Government is able to concentrate at ports still open, when such a lift is beyond the capabilities of Chinese shipping. Approximately 12,000 Japanese were lifted from the ports of Hulutao and Taku-Bar in October and November of 1947 under these conditions. At present the SCAP repatriation vessel *Kaio Maru* is scheduled to make a lift from Taku-Bar on 19 May 1948 of some 415 repatriates.

As of 1 December 1946, when mass repatriation had been virtually completed from all other areas, no Japanese had been repatriated from Soviet-controlled areas. Finally, culminating more than six months of extended negotiations, pursuant to an agreement signed 19 December 1946 by Maj. Gen. Paul J. Mueller, as the representative of SCAP and Lt. Gen. K. N. Derevyanko, as the Member of the Allied Council for Japan from the U.S.S.R., repatriation of Japanese from specified Soviet ports was begun at an agreed rate of 50,000 per month. During the course of the above negotiations, SCAP-controlled shipping to lift up to 360,000 repatriates per month was offered. The figure finally agreed upon was the maximum acceptable to the U.S.S.R., and was limited by the use of smaller Soviet ports and the refusal of the Soviets to furnish any fuel oil for repatriation vessels. All shipping used in repatriation from Soviet-controlled areas is furnished and manned by the Japanese Government and all costs incident to repatriation are borne by the Japanese Government.

On 29 October 1947, a report on repatriation delivered in the Allied Council for Japan by the Deputy for the Supreme Commander and Chairman, Mr. W. J. Sebald, made an offer, in the name of the Supreme Commander for the Allied Powers, to furnish shipping to lift up to

160,000 repatriates per month; it was revealed that SCAP had available, using Japanese sources only, the shipping, fuel (coal) and reception facilities to initiate this comprehensive repatriation program almost immediately. This offer is still outstanding but has been neither acknowledged or replied to by the Soviets.

The Acting Soviet Member replied to Mr. Sebald's statement by stating that he considered the subject of repatriation outside the purview of the Allied Council for Japan and that the failure to repatriate 50,000 monthly since June 1947 should not be commented upon as the average over the entire period since December 1946 was slightly in excess of the 50,000 rate.

Approximately one month after SCAP's offer to accelerate repatriation, the Acting Soviet Member, Allied Council for Japan, in a letter dated 2 December 1947 stated that repatriation would be suspended due to climatic and icing conditions from 1 December 1947 until the opening of navigation in April 1948. In this connection, the following correspondence and actions on the subject of this suspension are of interest:

*a.* SCAP replied to the Soviet suspension in a letter dated 10 December 1947 offering icebreakers to clear Soviet ports and stating that SCAP-controlled shipping could be dispatched to any other ports where "the difficult icing and climatic conditions" would not be encountered.

*b.* Contrary to the implication of their first letter, the Soviet authorities replied to SCAP's offer of icebreakers in a letter dated 24 December 1947 which stated that the offer was unacceptable by reason of difficulties in assembling Japanese at the repatriation ports and the overloaded condition of the Soviet rail transportation system. It was stated that the decision to suspend repatriation would remain unchanged. No reply was made to SCAP's offer to send shipping to other Soviet ports. The letter also stated that the monthly average as of that time approximated the 50,000 quota of the agreement.

*c.* In response to previous inquiries, Maj. Gen. A. P. Kislenko, Acting Member for the U.S.S.R., Allied Council for Japan, in a letter on April 5, 1948 to General Headquarters, SCAP, advised that Japanese repatriation from Soviet-controlled areas would be resumed in May instead of April as had been indicated initially by the Soviets. Gen. Kislenko stated that "due to unfavorable climatic conditions this year and also taking into consideration transportation and technical facilities, the repatriation would be resumed in May of this year."

It appears from the Soviet request for 45,500 spaces during May 1948 that it is their intention to approximate but not fulfill the 50,000 quota of the SCAP-Soviet repatriation agreement of 19 December 1946, at least for the first month after the resumption of repatriation. However, in the Allied Council for Japan meeting of 29 October 1947 and in the Soviet letter of 24 December 1947 the Acting Soviet Mem-



ber, Maj. Gen. A. P. Kislenko, indicated that he considered that the SCAP-Soviet repatriation agreement had been fulfilled if the average monthly rate of repatriation since December 1946 met the 50,000 figures. As of 1 May 1948 this monthly average is 37,500 and monthly lifts considerably in excess of the 50,000 figure will be necessary to redeem the 50,000 average.

It is noted that during the month of April 1947 some 58,000 Japanese were repatriated through the ports of Nakhodka and Maoka, the first vessels leaving both ports 3 April 1947.

The SCAP offer to lift up to 160,000 repatriates monthly, as made in the Allied Council for Japan meeting of 29 October 1947 remains open. To date the Soviets have never made a specific reply to this offer.

In preparation for resumption of repatriation from Soviet-controlled areas, the Japanese Government, under the supervision of SCAP, has prepared reception facilities to receive and process up to 160,000 repatriates monthly. Food and clothing to accommodate this number of repatriates monthly could be obtained upon short notice. Upon receipt of the Soviet request for repatriation shipping in May, adequate shipping had been lying waiting in idle readiness in various ports in Japan since 1 April 1948. SCAP was and will continue to be prepared to lift Japanese repatriates in increments up to 160,000 monthly to fulfill the offer made in the Allied Council for Japan at the meeting of 29 October 1947. Action has been taken by SCAP to allocate repatriation shipping spaces to fulfill the Soviet request for 45,500 spaces during the month of May 1948.<sup>2</sup>

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<sup>2</sup> In despatch 550, August 23, from Tokyo, the Department was informed that repatriation during May, June, and July fell below the monthly 50,000 stipulated on December 19, 1946, and that the figure in August would reach about 40,500 only (740.00115 PW/S-2348).

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740.00119 FEAC/5-1748

*Memorandum of Conversation, by the Chief of the Division of  
Northeast Asia Affairs (Allison)*

CONFIDENTIAL

[WASHINGTON,] May 17, 1948.

Participants: Mr. G. R. Powles, Counselor, New Zealand Legation  
Mr. W. W. Butterworth, Director, FE  
Mr. J. M. Allison, Chief, NA

Mr. Powles called this afternoon at his request and under instructions from his Government left the attached *aide-mémoire*.<sup>1</sup> After having read the *aide-mémoire* aloud Mr. Powles was asked whether or

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<sup>1</sup> Dated May 17, not printed.

not the New Zealand Government had in mind any specific instances wherein they considered that SCAP had exceeded his authority and it was pointed out to him that in the view of the United States Government the recent action of SCAP with regard to a Maritime Safety Authority in Japan did not constitute an abuse of his powers. Mr. Powles stated that his Government did not have in mind the controversy over the Maritime Safety Authorities Bill nor was he able to give any specific instances in which SCAP had exceeded his authority. However, the New Zealand Government had been concerned at recent statements made in Committees of the FEC with regard to the intention of the United States Government to authorize SCAP to use his discretion in permitting the travel abroad of Japanese nationals for cultural and commercial purposes without reference to the FEC. Mr. Powles pointed out that his Government had come a long way from its original position and that it now recognized the necessity for Japanese to travel abroad under proper controls and it recognized also the desirability for SCAP to be represented at international conferences and to take with him to such conferences when necessary Japanese technicians.<sup>2</sup> However, the New Zealand Government felt that this was a matter of concern to the FEC and it had been disappointed that the American Government had not been disposed even to permit a policy decision on the matter which would require SCAP merely to inform the FEC whenever he had accepted an invitation to an international conference. Mr. Butterworth pointed out that inasmuch as more than two years had gone by without a peace treaty and as there was no immediate prospect of concluding such a treaty it was necessary to re-assess the situation and make adjustments in procedures which had originally been designed for a temporary period. In the view of the United States Government it is of real importance that the actions of the FEC be confined to its terms of reference and that it make decisions only on matters of broad policy. When it began to take a detailed interest in matters which appeared to be purely administration or implementation of policy the United States Government would oppose such action. Mr. Powles was cautioned that continuation of attempts by the FEC to make decisions in the fields of administration or implementation would not redound to the strength of the FEC, would merely make it necessary for the United States Government to increase the use of the veto and might result in the severe curtailment of the legitimate activities of the FEC. In response to a question, Mr. Powles stated that in his opinion the chief concern of the FEC coun-

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<sup>2</sup> On May 20 Mr. Borton telephoned Mr. Powles that the tentative U.S. view was "that we would be agreeable to changing the policy to read that SCAP's staff should attend the conference in accordance with the decision of the conference rather than the terms of the invitation" (740.00119 FEAC/5-2048).

tries was the fact that they had little if any chance to participate in planning policy with regard to Japan and that in view of the part that these nations had played in the war against Japan this was a matter of some concern to them.

Mr. Powles stated that this *démarche* on the part of his Government was not a result of the recent conversations in Washington with Mr. McIntosh of the New Zealand Office of External Affairs, but had been planned independently of any report Mr. McIntosh might have made. He pointed out that Mr. McIntosh had only just today arrived in New Zealand from his trip to the United States.

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740.0011 PW (Peace)/5-1948

*Memorandum by the Chief of the Division of Northeast Asian Affairs (Allison), to the Director of the Office of Far Eastern Affairs (Butterworth)*

CONFIDENTIAL

[WASHINGTON,] May 19, 1948.

COMMENTS ON ATTACHED MEMORANDUM OF GENERAL MCCOY<sup>1</sup>

There is attached a copy of a memorandum which General McCoy left with the Secretary at his interview the morning of May 18. The Secretary has requested Mr. Saltzman for answers to three specific questions:

- (1) Why have there been such long delays on the various papers before the Far Eastern Commission?
- (2) What comments can be made on the specific recommendations of General McCoy contained in his memorandum?
- (3) What is meant exactly by the quotation at the bottom of page 7 of General McCoy's memorandum to the effect that the United States Government considers it increasingly advisable for SCAP to be encouraged to take independent action wherever possible?

Before attempting to answer these three questions I should like to make some general comments with regard to the attached memorandum. In Part II of the memorandum, General McCoy advances the thesis that the Far Eastern Commission has been of real advantage to the United States in that it has approved certain basic US occupation policies and that this approval by the other States on the FEC will cause them to support the Secretary of State at the peace conference when the subjects covered by the policy decisions are under discussion. General McCoy gives as examples *The Basic Post-Surrender*

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<sup>1</sup> Not printed.



*Policy for Japan*<sup>2</sup> and the demilitarization paper: *Prohibition of Military Activity in Japan and Disposition of the Japanese Military Equipment*.<sup>3</sup> Unfortunately there are parts of both these papers which it is quite possible the United States may wish to see changed and it is probable that our position at the peace conference with regard to matters covered by these two papers will be substantially different from what it was when the papers were passed. The fact that these papers have been passed, however, will make it much more difficult for the United States to take a position at the peace conference which in any degree is at variance with the papers. From this point of view it is evident that the FEC may be found to have been a distinct disadvantage to the prosecution of US policy. In the last paragraph of this same section General McCoy states that the FEC "is the only forum" in which this Government may maintain contact with other States interested in the Far East on matters of mutual concern with regard to policies in that area. While it is true that the FEC is the only "forum", it is by no means the only method by which the United States may seek to obtain support for its policies. In fact Part IV of the Terms of Reference of the FEC specifically states:

"The establishment of the Commission shall not preclude the use of other methods of consultation on Far Eastern issues by the participating Governments."

It is believed that a more frequent use of the diplomatic channel to obtain agreement to US policies will be of more immediate help than merely relying on presenting those policies in what has come to be most of the time a debating forum.

Many of the points raised by General McCoy with regard to the attitude of other States toward US actions in the FEC are pertinent and should be given careful consideration. This is believed to be particularly true with regard to the rigidity of positions taken by this Government as discussed at the bottom of page 8 of General McCoy's memorandum. While I do not necessarily approve of the particular illustration General McCoy uses I have felt that in many cases the US Government could be somewhat more flexible and more willing to accept at least minor changes suggested by other countries without in fact giving up any substantive point of importance. Willingness to give in on a few minor points such as a provision that SCAP should keep either the FEC or Missions in Tokyo of its member Governments informed of action he takes permitting travel abroad of Japanese might produce favorable effects far in excess of any possible unfavorable result to the interests of this country.

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<sup>2</sup> June 19, 1947: *Activities of the Far Eastern Commission*, report, p. 49.

<sup>3</sup> February 12, 1948; *The Far Eastern Commission*, 2d report, p. 19.

It is apparent from a reading of this memorandum that General McCoy is not aware of the strong position which this Government is in in adopting the attitude it has toward Japan and the FEC. While it may be true that looking at the matter purely from the point of view of American policy in Japan, US action may appear somewhat arbitrary and not considerate enough of other countries' viewpoints, nevertheless when our policy toward Japan is placed in perspective and viewed as part of our whole world policy a different picture emerges. It should not be forgotten that with the exception of Russia and possibly India all of the other nations represented on the FEC are either directly or indirectly recipients of American aid. It is also true that it is the desire of nearly all the nations on the Far Eastern Commission with the exception of Russia that the United States remain for the present in occupation of Japan and in a position where it will continue to be a stabilizing force in the Far East. If the US Government is to be able to continue such a policy with the necessary backing of the American people it is absolutely necessary that Japan reach as soon as possible a position of economic self-support so that the present tremendous drain on the US taxpayer can be substantially reduced. It is therefore in the direct long-range interest of the other member nations of the FEC that they support US policy designed to achieve self-support for Japan. It is believed that General McCoy could make better use than he has in the past of the essentially strong position in which the US Government finds itself.

With regard to the first specific question asked by the Secretary, it can be stated that the delays in the FEC have been of two sorts. On the one hand there have been delays over the past year in reaching agreement among the various agencies and Departments of the US Government. It has been particularly difficult to get firm positions from the Department of the Army and in many cases when what were considered firm positions have been reached, these were later changed. The other sort of delays which have occurred over the past few months have been the result of a thorough-going re-assessment of our policy toward Japan with a view to determining whether or not papers and policies which have been in the main drafted a year or more ago are still valid in light of the changing world situation and the manifest necessity that, after almost three years, we do everything possible to lighten the financial burden on the US Government with regard to support of Japan. It was decided when Mr. Kennan departed on his trip to Japan that the US Government would not take final action on any pending matters of substantial political or economic significance until his return and until there had been an opportunity to consider his recommendations. The interested Divisions of the Department are now

urgently considering Mr. Kennan's recommendations in conjunction with officials of the Department of the Army and it is hoped that it will be possible in the near future to reach final conclusions on these matters. With regard to General McCoy's specific recommendations nearly all of them are provided for either explicitly or by implication in the section on the FEC which has been drafted, as a result of Mr. Kennan's report, in the Department's recommendations on our Japan policy. It is only with regard to the third recommendation of General McCoy that there is any real objection and it is believed that this recommendation is based upon a misunderstanding. This recommendation is in regard to the statement made at the bottom of page 7 and is the subject of the Secretary's third query. The two matters can therefore be taken together. The statement at the bottom of page 7 is based on recommendations made by Mr. Kennan and approved generally in both the Department of State and the Department of the Army. In view of the fact that there is no immediate prospect of obtaining a peace treaty for Japan it is felt that all proper steps should be taken to bring about as many of the beneficial results of a peace treaty as possible by other means. One of these means is to encourage SCAP to use his authority as an international officer to bring about through administrative measures wherever he may legitimately do so many of the conditions which would obtain under a peace treaty. It is not meant that he should usurp any of the functions of the FEC and it is felt that when this matter is properly expressed to General McCoy he will withdraw his objections.

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740.00119 FEAC/4-3048

*The Secretary of State to the Burmese Ambassador (So Nyun)*<sup>1</sup>

The Secretary of State presents his compliments to His Excellency the Ambassador of Burma and has the honor to acknowledge receipt of his note of April 30, 1948<sup>2</sup> seeking the assistance and cooperation of this Government in obtaining Burma's admission to the Far Eastern Commission.

The Terms of Reference of the Far Eastern Commission state: "The membership of the Commission may be increased by agreement among the participating Powers as conditions warrant by the addition of representatives of other United Nations in the Far East or having territories therein". It is the unanimous view of the member delegates of the Far Eastern Commission that under this provision of its Terms of Reference the Commission does not possess the power to add to its

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<sup>1</sup> A similar note was sent to the Ambassador of Pakistan (Ispahani) on the same day in reply to his note of March 25, not printed (740.00119 FEAC/3-2548).

<sup>2</sup> Not printed.



number of representatives, as this is a matter for agreement among member governments.

The Secretary is pleased to inform the Ambassador that the United States Member of the Far Eastern Commission has been authorized to bring the request of the Government of Burma for admission to the Far Eastern Commission to the attention of the Commission and to utilize the machinery of the Commission as a means of polling the member governments on this question, the representatives on the Commission voting in such case as representatives of their governments rather than as members of the Commission. The United States Member has also been authorized to vote as the representative of his government for the admission of Burma as a member of the Far Eastern Commission.

The views of the member governments of the Far Eastern Commission will be forwarded to you as soon as possible.

WASHINGTON, May 19, 1948.

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740.00119 PW/5-1948

*Memorandum of Conversation, by Mr. Philander P. Claxton, Jr.,  
Special Assistant to the Assistant Secretary of State for Occupied  
Areas (Saltzman)*

CONFIDENTIAL

[WASHINGTON,] May 19, 1948.

Participants: The Chinese Ambassador, Wellington Koo

O—Mr. Saltzman

O—Mr. Claxton

NA—Mr. Allison

Ambassador Koo began the conversation by recalling that on his last visit he had suggested that where there is a divergence of views between the United States and China on FEC matters, it would be useful to thresh them out outside of the FEC in order to avoid the unfortunate occurrence of opposition between our two countries within FEC, which of course does not facilitate the business of the Commission. In this connection, he said he had in mind two main questions; the first being the establishment of levels of industry for Japan, which included the question of the peacetime needs of Japan and the question of reparations, and the second one being the restitution of looted cultural objects which he had discussed formerly. He also had in mind the conclusions of the Draper mission. He recalled that at the time he was here before Mr. Saltzman had said that the report had not yet been completed. He has now seen a copy of the report and notes that it is

referred to as the Johnston report.<sup>1</sup> Mr. Saltzman broke in to say that we make a point of this name because the report is the report of a private group invited by the Secretary of the Army to make an examination and submit recommendations to him. This Government will consider those recommendations in its general study of the Japanese situation.

Ambassador Koo asked whether the United States Government has had time to make up its mind regarding the recommendations in the report, which China finds of considerable interest and, in fact, concern. Mr. Saltzman replied that we are still considering the report and in fact the entire related subject matter. He said we are not yet at the point where we are ready to sit and talk, but we are in complete agreement with the idea of our two governments talking such matters over.

Ambassador Koo stated his hope that the United States would be in a position to talk this matter over with the Chinese before the United States has completely crystallized its own view. He referred to the fact that the Johnston report includes a statement that the economic recovery of Japan will depend upon friendly relations with neighboring countries, of which China is of course one. He reiterated his hope that such talks could take place before the United States reaches a firm position. Mr. Saltzman stated that we appreciated this suggestion and would consider carefully whether some useful procedure along these lines could be followed.

Ambassador Koo stated he was glad that the United States has not yet reached firm conclusions. He indicated that China was also maintaining an open mind. He asked whether Mr. Saltzman could let him know when we would be ready to discuss the matter. Mr. Saltzman replied affirmatively.

Ambassador Koo suggested that although he would be at our disposal it might be desirable to designate two or three representatives on each side to work out the technical details which would be involved. Mr. Saltzman suggested in reply that we take this thought into consideration in finding the procedure which would be most helpful.

Ambassador Koo said that he had received a cable from his Foreign Office indicating disappointment in the way in which the Allied Council functions. It is apparently unable to make much headway. Although the main reason for this is understood, it makes China feel all the more anxious that the FEC push along with its work. His government hopes the United States will find it possible to support as much as possible the viewpoint of the Chinese Delegation in the FEC. The Ambassador explained that he had been asked to make these points, and the fact

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<sup>1</sup> See O.C.I. letter of April 30, p. 970.

that he anticipated this explains his earlier visit to discuss the same subjects. If and when the United States finds a way to iron out its problems in this matter, Koo would appreciate it if we would let him know in order that he could report to his government to alleviate its anxiety.

Mr. Saltzman asked Ambassador Koo what China's views are regarding the reasons that the Allied Council does not make headway. Ambassador Koo replied that the telegram was not specific, but he gathers that the body as a whole is unable to function effectively.

Ambassador Koo stated his government has heard that the British Foreign Office has sent a man to visit the various FEC countries to urge the early convening of a peace conference for Japan. He inquired if we knew anything about this. Mr. Allison stated that we understand that Mr. Dening of the British Foreign Office is visiting various countries interested in the Far East, that he has not yet come here but is expected toward the end of the month. We understand that he is interested not only in the peace conference but in all Far Eastern matters.

Ambassador Koo asked if there had been any developments in the United States Government regarding the Japanese peace treaty. Mr. Saltzman replied that there have not been, and that Ambassador Koo would know about them anyway.

Ambassador Koo remarked it is noteworthy that USSR has recently showed increased interest in the Far East, as, for example, by sending such Far Eastern experts as Panyushkin to the United States as Ambassador and Malik to the UN. In addition, Stalin's statement on the Wallace<sup>2</sup> open letter refers specifically to Japanese, Korean and Chinese matters. Ambassador Koo wondered if this portends any new attitude of the USSR on the Far East. Mr. Saltzman replied indicating that these developments were of course interesting and had been noted by us, but that no new broad attitude had yet become evident.

Ambassador Koo inquired whether Ambassador Panyushkin has yet given any indication to this government of a new attitude by the USSR toward the Far East. Mr. Saltzman said no.

Ambassador Koo inquired whether the news reports are correct which say that the United States does not contemplate entering into bilateral negotiations with the Soviet Union, as recently suggested by it. Mr. Saltzman pointed out that the press statements were in fact quotations from or references to statements actually made by the Secretary, and that they did express the intention of this government.

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<sup>2</sup> Henry A. Wallace, former Vice President and Secretary of Commerce of the United States. For Stalin's reply, and reactions to it, see telegrams 936 from Moscow on May 18, and 951 and 955 from Moscow on May 20, *Foreign Relations*, 1948, vol. iv, p. 870, p. 872, and p. 873.



Ambassador Koo recalled his statement in his recent visit regarding the anxiety on the part of the Chinese people regarding United States proposals concerning a Japanese recovery program, and hoped that further developments might have the effect of quieting such anxiety.

Mr. Allison returned to the subject of the Japanese peace treaty and asked Ambassador Koo whether there had been any change in the Chinese attitude. Ambassador Koo pointed out that Chinese public opinion, as indicated in the recent meeting of the National Assembly and in the Chinese press, seemed to tend strongly toward a veto power for China. He said he himself did not feel this was necessary, because he felt sure that the friendly relations between the United States and China were a greater and sufficient protection for the Chinese. He pointed out that China had never had occasion to use its veto power in the Security Council or the FEC. He recalled that Foreign Minister Wong had suggested a compromise proposal for the treaty conference procedure which the Chinese regard as middle of the road. He said he understood the British were now leaning toward the acceptance of this position.

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894.628/5-1848

*Memorandum of Conversation, by the Chief of the Division of  
Northeast Asian Affairs (Allison)*

[WASHINGTON,] May 19, 1948.

Participants: Sir John Balfour, Chargé d'Affaires *ad interim*,  
British Embassy  
Mr. H. A. Graves, Counselor, British Embassy  
Mr. Norman Armour, Assistant Secretary  
Mr. John M. Allison, Chief, NA

Sir John Balfour called this afternoon and under instructions from his Government left an *aide-mémoire*<sup>1</sup> strongly protesting against SCAP's projected plan of authorizing a 1948-49 SCAP-administered Japanese Antarctic Whaling Expedition. Sir John emphasized the fact, which is not brought out in the attached *aide-mémoire*, that SCAP's desire to add a third Japanese factory ship this year would in fact put the Japanese in proportionately greater strength in comparison with the other chief whaling nations, namely the United Kingdom and Norway, than Japan was before the war. The U.K. Government considered this a particularly serious matter in view of the fact that the whole British and Norwegian pre-war whaling fleets were destroyed during the war against the Axis Powers in which, of course, Japan played a prominent part. It would seem to the U.K.

<sup>1</sup> May 18, not printed.

Government manifestly unfair that the Japanese should now be placed by the victors in a superior position than previously. The U.K. Government feels very strongly that if SCAP considers, in spite of the objections raised by protesting powers, that it is necessary to dispatch a 1948-49 expedition he should at least confine it to the two factory ships which took part in previous expeditions.

Mr. Armour pointed out that the total Japanese catch during the past season of only some 700 blue whale units seem to him a very small proportion of the total permissible catch of 16,000 blue whale units. Mr. Graves pointed out, however, that while it was small it nevertheless was equivalent to 8-days' catch for the U.K. and Norwegian whaling fleets and that their fleets had been penalized to that extent by the Japanese expedition. Mr. Armour further pointed out that in the view of the United States Government it was not proper for the victors to take advantage of their position to impose on the vanquished artificial restrictions on access to either markets or sources of supply and that the United States did not therefore feel that the Japanese should be prevented from Antarctic whaling merely because they were an ex-enemy. Sir John said that while this might be a proper position to take he nevertheless wished to reiterate his former contention that the sending of three factory ships this year would not only place Japan in an equal position relative to the U.K. and Norwegian whaling fleets but in proportionately a better position than she had been prior to the war and that on any moral grounds this seemed to the British iniquitous.

Mr. Armour concluded the interview by assuring Sir John that his views would at once be made clear to the Supreme Commander.

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740.00119 Control (Japan)/5-2148

*Memorandum of Conversation, by the Chief of the Division of  
Northeast Asian Affairs (Allison)*

CONFIDENTIAL

[WASHINGTON,] May 21, 1948.

Participants: Mr. J. O. Reuchlin, Minister, Netherlands Embassy  
Mr. W. W. Butterworth, Director, FE  
Mr. J. M. Allison, Chief, NA

Mr. Reuchlin called this morning at his request to discuss problems related to United States attitude toward Japan and the FEC. He stated that for some time the FEC had not appeared to be serving constructive purpose and, in view of the fact that many matters were apparently being decided outside the FEC and that it did not appear possible to reach decisions on many of the matters now before the

FEC, he was wondering whether or not it was necessary for the Netherlands Government to continue to maintain in Washington the three or four technicians whom they had here to work on FEC matters. Mr. Reuchlin said that he understood why in many cases it was not possible to make more progress in the FEC and he wished the opinion of the Department as to what the future prospects might be. Mr. Butterworth explained that, as time went on and it became increasingly apparent that there was to be no early peace treaty with Japan, this Government had been taking a new look at present and previous policies toward Japan to see whether or not they remained valid in light of world conditions. Many of these policies had been developed at a time when the situation in the Far East and elsewhere was considerably different from that now obtaining and many policies which might have been appropriate at that time would not necessarily be so today. In Mr. Butterworth's opinion it was not possible without considerable danger to proceed with the peace treaty without the Soviet Union. In view of the Soviet domination of fishing areas and areas on the continent of Asia which could provide many necessary raw materials and other products for Japan, the USSR would be in a position to bring strong influence to bear on Japan and might well be able to undercut any peace treaty that the other nations might have concluded. It is therefore necessary to give very careful thought to all aspects of the problem before proceeding with the peace treaty without the Soviets. In these circumstances, with no treaty and with Japan continuing to be a drain on the US economy, it has become necessary for this Government to endeavor to determine how to bring about as many as possible of the beneficial conditions which would obtain under a peace treaty by other means, and it is because the various Departments of the US Government concerned are giving serious consideration to this problem that it has not been possible in recent weeks to take a more positive position with regard to problems now before the FEC. Mr. Reuchlin expressed general agreement with what had been said, but inquired what was the way out not only for the United States but for the other Governments concerned? He was asked with respect to his original inquiry whether or not, in view of the fact that a large portion of the Terms of Surrender had been carried out, the FEC could not in the future limit its activities to the determining of broad general policies and give much less attention to detail than in the past with the result that it would be possible to dispense with the services of at least some of the technicians now being maintained? Mr. Reuchlin replied that with the exception of questions of reparations and levels of industry, which are two parts of the same question, he would agree, but that these two remaining problems were of con-



siderable importance. He admitted that he saw no prospect of an early settlement by the FEC of either of these matters as the paper now before the Commission was unsatisfactory to many members and as it was apparent that American conceptions of adequate levels of industry had been changing and would probably now be far apart from the ideas of many of the other FEC countries. Mr. Reuchlin mentioned specifically the problem of aluminum production in Japan, where in accordance with the FEC policy decision on interim levels Japan should have no aluminum industry<sup>1</sup> and yet SCAP was importing 100,000 tons of bauxite in order to keep the aluminum industry busy. He readily admitted that the bauxite had been furnished by the Netherlands but maintained that the general principle was still valid. Mr. Butterworth said that he thought that aluminum was a good example of how policies which had been made several years ago were no longer valid, as the great technological changes which had occurred during the past year or two had made it evident that aluminum was to play a much larger part in the peacetime economy of a country than it had ever done before, and that it did not mean that the United States was providing a war industry in Japan when it desired that that country should have some aluminum industry.

With regard to the charge sometimes made that the United States was building up Japan's war potential, Mr. Butterworth pointed out that even the most optimistic planners had not contemplated that Japan would reach a state of economic self-support prior to 1953, to say nothing of getting into a position where it would be a threat to other countries. Mr. Butterworth also pointed out that the curve of American public opinion with regard to aid to foreign Governments seemed to run in hills and valleys, and that at present it was at the top of a hill, but that there was no assurance how long this condition would prevail. The regaining by Japan of a position where she was economically self-supporting would take a large burden off the American taxpayer and by that much would delay the time when American public opinion began to slip into the valley where aid to needy foreign Governments would have to be checked.

Mr. Reuchlin expressed general agreement with much that had been said, but maintained that it was necessary that the United States take friendly powers more into its confidence and thus not give the appearance of acting unilaterally and without due regard for the interests of the other nations. Mr. Butterworth stated that this point was fully appreciated and that it was his intention as soon as present discussions within the American Government had reached a more advanced stage to call in Mr. Reuchlin and other representatives of friendly powers

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<sup>1</sup> See FEC-059, May 13, 1946, *Activities of the Far Eastern Commission*, report, pp. 68, 70.

in order to talk over these problems in a more detailed way than was possible at present. He stated that Mr. Dening of the British Foreign Office had been making a trip throughout the Dominions and that he was expected to come to Washington toward the end of this month when it was hoped to be able to have talks of the desired nature with him as well as with representatives of the other interested powers. It was the US desire that these talks be on an informal basis and that no publicity of any sort be given them. While it might not be possible to talk in detail about all pending problems, it was hoped that it would be possible to discuss most of them. Mr. Reuchlin expressed his appreciation for this information and said he also wished to point out that it was not only in Washington that representatives of the other powers sometimes felt they were being kept in the dark but that this situation also pertained in Tokyo where in recent months it had been the experience of the Netherlands Mission at least, and he understood the same applied to others, that less and less information was being made available as to what was actually going on in Japan. He pointed out as an example the case of the setting up of the National Maritime Authority. According to Mr. Reuchlin none of the powers, with the possible exception of the Soviets, really felt that the setting up of this Japanese Coast Guard was either a real danger to them or that it actually violated any FEC decisions, but until the matter had come out in the press none of them had any detailed information. Had it been possible for the US Naval and other authorities in Japan to have quietly pointed out to the representatives of the powers concerned in Tokyo what they were planning to do and the necessity for it, Mr. Reuchlin is certain that most, if not all, of the trouble in the Allied Council in Tokyo as well as in the FEC in Washington could have been avoided. Mr. Butterworth said he had not heard before that the Missions in Japan were not receiving adequate information and that this would be looked into. He again stated that he hoped to be able to have a more detailed talk with Mr. Reuchlin within two or three weeks and assured him that it was not the desire of the US Government to ignore the legitimate interests of friendly Governments or to prevent the FEC from exercising its proper functions.

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740.0011 PW (Peace)/5-1148

*The Director of the Office of Far Eastern Affairs (Butterworth) to the Counselor of Embassy in the United Kingdom (Dickover)*

TOP SECRET

WASHINGTON, May 24, 1948.

DEAR DICKOVER: Reference is made to your letter of May 11, 1948 discussing, among other subjects of decided interest to the Department,

the proposed trip of Mr. Dening to Australia. I refer in particular to those paragraphs of the letter expressing the view that the British may feel dissatisfied over the "failure of the U.S. Government to keep the Allies adequately informed of the reasons behind the visits of various missions to Japan, including the two Strike Missions, George Kennan's, Draper's and that of General Noce".

The two Strike reports have, of course, been made available to the Far Eastern Commission, while the full text of the Johnston Committee Report, compiled by Mr. Draper's senior advisers during his trip to Japan, was released to the press on May 19. General Noce's Mission was concerned solely with administrative matters. As for the Kennan Mission, I understand from George that he conferred in close confidence and at considerable length with the British representative in Tokyo, Sir Alvary Gascoigne, as well as with the Australian and Canadian representatives there. George acquainted Sir Alvary with the background and purpose of his visit, and there was a frank exchange of views, particularly with reference to the timing and procedure for a peace treaty.

As you suggest, it is highly important that we do not keep our Allied friends in the dark, as to any major changes of policy we have in mind, and we fully propose to discuss these matters with them at a high diplomatic level as soon as substantive agreement on the State Department's policy proposals (based on the Kennan Report) is reached between the various interested agencies in Washington. This, I believe, will be fairly soon.

With further thanks for your letter,

Faithfully yours,

[W. WALTON BUTTERWORTH]

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740.00119 Control (Japan)/4-2848

*The Secretary of State to the Australian Ambassador (Makin)*

CONFIDENTIAL

WASHINGTON, May 25, 1948.

EXCELLENCY: I have the honor to acknowledge the receipt of your notes No. 145/48 of April 19, 1948 and No. 154/48 of April 28, 1948,<sup>1</sup> regarding the proposal of the Government of New Zealand to withdraw the New Zealand Army component of the British Commonwealth Occupation Force in Japan.

The Government of the United States has no objection to the withdrawal, during July and August 1948, of the New Zealand component of the British Commonwealth Occupation Force in Japan. Coordination has been effected with the Supreme Commander for the Allied

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<sup>1</sup> Neither printed.



Powers in Japan. The contemplated withdrawal of the New Zealand Air Force Squadron by the end of 1948 is noted.

Accept [etc.]

For the Secretary of State:

CHARLES E. SALTZMAN

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Policy Planning Staff Papers

*Memorandum by Mr. George H. Butler, of the Policy Planning Staff,  
to the Secretary of State and the Under Secretary of State (Lovett)*

TOP SECRET

[WASHINGTON,] May 26, 1948.

PPS/28/2

### RECOMMENDATIONS WITH RESPECT TO U.S. POLICY TOWARD JAPAN

MR. SECRETARY:

MR. LOVETT: Attached is a Policy Planning Staff paper (PPS/28/2, Recommendations with Respect to U.S. Policy toward Japan). This paper is a revision of the original report which Mr. Kennan made upon his return from Japan.<sup>1</sup> The revisions are comparatively minor and have been made to conform to the views of other officers in the Department concerned with the problem. The attached paper also embodies some of the views of the Department of the Army, Mr. Kennan's report having been discussed with General Schuyler and Mr. Draper.

There are two remaining points of disagreement between this Department and the Department of the Army: (1) the timing of the peace treaty and (2) reparations. These divergences should be reconciled in the NSC.

Mr. Kennan and Mr. Butterworth feel that the underlying paper should be introduced into the NSC on May 27 so that it will have the status of an NSC paper when, on May 28, Mr. Kennan begins conversations with Mr. Dening of the British Foreign Office on the subject of Japan, following which he will be touching on similar subjects at Ottawa.

It is recommended that PPS/28/2, Recommendations with Respect to U.S. Policy toward Japan, should be submitted to the staff of the

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<sup>1</sup> March 25, p. 691. In a memorandum of May 24 to the Assistant Secretary of State for Economic Affairs (Thorp), Mr. Butterworth submitted an earlier version of the paper, "revised in the light of informal discussions during the last few weeks with representatives of the Army Department." He added: "In view of the urgent need to proceed with high level discussions of these policy matters with other FEC countries, it is planned to introduce the revised paper into the National Security Council by mid-week and to seek the approval of the Council to the substance of this paper as rapidly as possible." He noted that "very few important changes have been made in our original draft" and that revisions were "primarily designed to clarify our proposals." (740.00119 Control (Japan)/4-2848)

National Security Council with a view to its approval by the Council members.

GEORGE H. BUTLER

[Annex 1]

FOREWORD TO PPS/28/2, MAY 26, 1948 (*Infra*)

TOP SECRET

This document consists of three sections:

The first section contains the Department of State's recommendations with respect to United States policy toward Japan.

The second section consists of memoranda of conversations held by Mr. George F. Kennan, Director of the Policy Planning Staff of the Department of State, with General MacArthur during Mr. Kennan's recent trip to Japan.<sup>2</sup>

The third section consists of the observations of Mr. Kennan based on his trip to Japan.<sup>3</sup> These observations should not be regarded as an expression of the official views of the Department of State.

[Annex 2]

*Draft Paper for the National Security Council*<sup>4</sup>

TOP SECRET

[WASHINGTON, May 26, 1948.]

RECOMMENDATIONS WITH RESPECT TO U.S. POLICY TOWARD JAPAN

I. THE PEACE TREATY

1. *Timing and Procedure*

In view of the differences which have developed among the interested countries regarding the procedure and substance of a Japanese peace treaty and in view of the serious international situation created by the Soviet Union's policy of aggressive Communist expansion, this Government should not press for a treaty of peace at this time. It should remain prepared to proceed with the negotiations, under some generally acceptable voting procedure, if the Allied Powers can agree among themselves on such a procedure. We should, before actually entering into a peace conference, seek through the diplomatic channel

<sup>2</sup> See annex 1 to Mr. Kennan's report, PPS/28, March 25, p. 697.

<sup>3</sup> See annex 2 to Mr. Keenan's report, p. 712.

<sup>4</sup> This text was transmitted as NSC 13, June 2, to the National Security Council for its information by the NSC Executive Secretary (Souers). Rear Admiral Souers added that its reference to the NSC Staff was at the request of the Under Secretary of State "for consideration and the preparation of a report to the National Security Council".

the concurrence of a majority of the participating countries in the principal points of content we desire to have in such a treaty. Meanwhile, we should concentrate our attention on the preparation of the Japanese for the eventual removal of the regime of control.

## 2. *The Nature of the Treaty*

It should be our aim to have the treaty, when finally negotiated, as brief, as general, and as nonpunitive as possible. To this end we should try to clear away during this intervening period as many as possible of the matters which might otherwise be expected to enter into the treaty of peace. Our aim should be to reduce as far as possible the number of questions to be treated in the peace treaty. This applies particularly to such matters as property rights, restitution, etc. Our policy for the coming period should be shaped specifically with this in mind.

## II. SECURITY MATTERS

### 1. *Disposition of our Tactical Forces in the Pre-Treaty Period*

Tactical forces should be retained in Japan for the coming period; *but* every effort, consistent with military security and the proper performance of the occupational mission as envisaged in this policy paper, should be made to reduce to a minimum their numbers, their cost to the Japanese economy, and the psychological impact of their presence on the Japanese population. The arrangements for their location, support and employment should be determined with this in mind.

### 2. *The Post-Treaty Arrangements*

United States tactical forces should be retained in Japan until the entrance into effect of a peace treaty. A final U.S. position concerning the post-treaty arrangements for Japanese military security should not be formulated until the peace negotiations are upon us. It should then be formulated in the light of the prevailing international situation and of the degree of internal stability achieved in Japan.

### 3. *The Ryukyu Islands*

The United States Government should make up its mind at this point that it intends to retain on a long-term basis the facilities at Okinawa, and the base there should be developed accordingly. The United States Government agencies responsible for administering the islands should promptly formulate and carry out a program on a long-term basis for the economic and social well-being and, to the extent practicable, for the eventual self-support of the natives. At the proper time, international sanction should be obtained by the means then most feasible for United States long-term strategic control of the Ryukyu Islands south of latitude 29 degrees N.



#### 4. *Naval Bases*

The United States Navy should shape its policy in the development of the Yokosuka base in such a way as to favor the retention on a commercial basis in the post-treaty period of as many as possible of the facilities it now enjoys there. Meanwhile, it should proceed to develop to the maximum the possibilities of Okinawa as an advance naval base and increasingly employ the facilities on Okinawa, on the assumption that we will remain in control there on a long-term basis.

#### 5. *The Japanese Police Establishment*

The Japanese Police establishment should be strengthened by the reinforcing and reequipping of the present forces, and by expanding the present centrally directed police organization.

### III. THE REGIME OF CONTROL

#### 1. *Supreme Commander for the Allied Powers*

This Government should not at this time propose or consent to any major change in the regime of control. SCAP should accordingly be formally maintained in all its existing rights and powers. However, responsibility should be placed to a steadily increasing degree in the hands of the Japanese Government. To this end the view of the United States Government should be communicated to SCAP that the scope of its operations should be reduced as rapidly as possible, with a corresponding reduction in personnel, to a point where its mission will consist largely of general supervisory observation of the activities of the Japanese Government and of contact with the latter at high levels on questions of broad governmental policy.

#### 2. *Far Eastern Commission*

The United States Government should ensure for its own part, and urge upon other FEC member Governments, that policy proposals considered by the FEC be confined to matters directly related to the fulfillment by Japan of its obligations under the Terms of Surrender, and be couched in broad terms leaving questions of administration to SCAP. On such matters, coming within the legitimate scope of authority of the FEC, the United States Government should seek to establish as promptly as possible firm United States positions and then adopt an aggressive and positive attitude, by direct discussions with FEC member Governments and by forceful backing in the FEC of policies desired by the United States. In matters of urgency, where it has become evident that, after efforts to achieve maximum international support, agreement cannot be promptly reached, we should

not hesitate to use the interim directive. SCAP should also be encouraged to make greater use of his authority as sole executive for the Allied Powers, asking where necessary for the United States Government's views. On the other hand, the United States Government should not hesitate to render assistance to SCAP by elucidating its interpretation of previous directives and general policies, notably those appearing in the "Basic Post-Surrender Policy for Japan".

### 3. *Allied Council*

The Allied Council should be continued, with its function unchanged.

## IV. OCCUPATIONAL POLICY

### 1. *Relations with the Japanese Government*

(See Section III 1, above.)

### 2. *The Reform Program*

Henceforth emphasis should be given to Japanese assimilation of the reform programs. To this end, while SCAP should not stand in the way of reform measures initiated by the Japanese if he finds them consistent with the overall objectives of the occupation, he should be advised not to press upon the Japanese Government any further reform legislation. As for reform measures already taken or in process of preparation by the Japanese authorities, SCAP should be advised to relax pressure steadily but unobtrusively on the Japanese Government in connection with these reforms and should intervene—after consultation with the United States Government whenever the exigencies of the situation so permit—only if the Japanese authorities revoke or compromise the fundamentals of the reforms as they proceed in their own way with the process of implementation and adjustment. Definite background guidance embodying the above principles and indicating the United States Government's views as to the nature and extent of the adjustments to be permitted should be provided SCAP in the case of certain reforms.

### 3. *The Purge*

SCAP should be advised to inform the Japanese Government that no further extension of the purge is contemplated and that the purge should be modified along the following lines: (1) Categories of persons who have been purged or who are subject to the purge by virtue of their having held relatively harmless positions should be made reeligible for governmental, business and public media positions; (2) certain others who have been barred or who are subject to being barred from public life on the basis of positions occupied should be

allowed to have their cases re-examined solely on the basis of personal actions; and (3) a minimum age limit should be fixed, under which no screening for public office would be required.

#### 4. *Occupation Costs*

Measures should be taken to bring about a further reduction of a drastic nature in the costs of the occupation borne by the Japanese Government. The number and size of construction projects ordered by SCAP utilizing Japanese materials and labor should be held to an absolute minimum.

#### 5. *Economic Recovery*

Economic recovery should be made the prime objective of United States policy in Japan for the coming period. It should be sought through a combination of a long-term United States aid program envisaging shipments and/or credits on a declining scale over a number of years, and by a vigorous and concerted effort by all interested agencies and departments of the United States Government to cut away existing obstacles to the revival of Japanese foreign trade, with provision for Japanese merchant shipping, and to facilitate restoration and development of Japan's exports. In developing Japan's internal and external trade and industry, private enterprise should be encouraged. Recommendations concerning the implementation of the above points, formulated in the light of Japan's economic relationship with other Far Eastern countries, should be worked out between the State and Army Departments after consultation with the other interested departments and agencies of the Government. We should make it clear to the Japanese Government that the success of the recovery program will in large part depend on Japanese efforts to raise production and to maintain high export levels through hard work, a minimum of work-stoppages, internal austerity measures and the stern combatting of inflationary trends including efforts to achieve a balanced internal budget as rapidly as possible.

#### 6. *Reparations*

(Recommendations on reparations are to be submitted shortly.)

#### 7. *Property Matters*

SCAP should be advised to expedite the restoration or final disposal of property of United Nations members and their nationals in such a way that the process will be substantially completed by July 1, 1949. It should be the objective of United States policy to have all property matters straightened out as soon as possible and certainly well in ad-



vance of a treaty of peace in order that they may not hamper treaty negotiations.

#### 8. *Information and Education*

a. *Censorship*. Censorship of literary materials entering Japan should be conducted with the minimum of delay and precensorship of the Japanese press should cease. This should not operate, however, to prevent SCAP from exercising a broad post-censorship supervision and from engaging in counter-intelligence spot-checking of the mails.

b. *Radio*. The United States Government should immediately undertake a regular program of medium- and long-wave broadcasts to Japan from a transmitter station on Okinawa. These programs should be carefully prepared with a view to developing an understanding and appreciation of American ideas and at the same time to maintaining as wide a Japanese radio audience as possible.

c. *Interchange of Persons*. The interchange between Japan and the United States of scholars, teachers, lecturers, scientists and technicians should be strongly encouraged. SCAP should continue the policy of permitting approved Japanese to go abroad for cultural as well as economic purposes under bilateral arrangements with the Allied nations willing to receive them.

d. *National Education Budget*. The Japanese should be permitted to allocate a higher proportion of the national budget to educational purposes.

#### 9. *War Crimes Trials*

We should press for an early conclusion of the war crimes trial of "A" suspects. We should continue and push to an early conclusion the screening of all "B" and "C" suspects with a view to releasing those whose cases we do not intend to prosecute. Trials of the others should be instituted and concluded at the earliest possible date.

#### V. STATE DEPARTMENT REPRESENTATION

At the appropriate stage as the character of the occupation changes, the Secretary of State should recommend to the President that he send to Tokyo a Political Representative with the rank of Ambassador with attributes, powers and privileges similar to those of the diplomatic representatives of other countries in Tokyo. The Political Representative would advise the Commander-in-Chief on political matters and would report to the Secretary of State on matters concerning Japan. He would not, at least in the initial period, deal officially with the Japanese Government, although there would be no restrictions on his informal contact with Japanese Government officials.

740.0011 PW (Peace)/5-2748

*Memorandum of Conversation, by the Under Secretary of State  
(Lovett)*

TOP SECRET

[WASHINGTON,] May 27, 1948.

Participants: Mr. M. E. Dening, Assistant Under Secretary for  
Foreign Affairs, British Foreign Office  
Mr. H. A. Graves, Counselor, British Embassy  
The Under Secretary—Mr. Lovett  
Mr. G. F. Kennan, Director, Policy Planning Staff  
Mr. W. W. Butterworth, Director for Far Eastern  
Affairs

After the usual pleasantries, I referred to Lord Inverchapel's letter,<sup>1</sup> and asked Mr. Dening what he had gathered on his tour of the Dominions. Mr. Dening indicated that his trip had been occasioned by the fact that Mr. Marshall and Mr. Bevin had decided, in principle, in London that it would be desirable to extend the secret conversations which had taken place as regards the Near East<sup>2</sup> to the Far East and Mr. Marshall had also agreed, in principle, that the latter talks should be participated in by the concerned Dominions of Australia, New Zealand and Canada and that Mr. Bevin had considered that in these circumstances and as a follow-up to the Canberra Conference, he should visit the Dominions in question, stopping in Washington on returning to England. Mr. Dening pointed out that he had also traveled through Pakistan and India and talked with the responsible heads of government there and although he had questioned them about their attitude towards the Japanese situation, he had not acquainted them with the interchange between Mr. Marshall and Mr. Bevin nor had he done so in Australia, New Zealand or Canada. However, in Australia, New Zealand and Canada, he had discussed with the Prime Ministers the possibility of having talks with the U.S. regarding the Far Eastern situation and indicated that he was en route to Washington to raise the matter there. Mr. Dening, in passing, mentioned that although Pakistan and India both felt that the question of the future of Japan as an Asiatic power was a matter which such Asiatic powers as themselves should actively adjudicate, nevertheless they were so preoccupied with their own internal problems and intra-Indian difficulties that they would not in practice at this stage undertake active roles. Mr. Dening went on to make a great point that he had not told the English speaking Dominions that there had been an interchange between

<sup>1</sup> April 27, not printed; see memorandum of May 10, p. 751.

<sup>2</sup> For documentation on "The Pentagon Talks of 1947" between the United States and the United Kingdom on political, military, and economic subjects concerning the Near East, see *Foreign Relations*, 1947, vol. v, pp. 485 ff.

Mr. Marshall and Mr. Bevin but only asked them if they were, in principle, agreeable to participating in such Far Eastern discussions indicating that he would raise the question in Washington. He said that the Prime Ministers of all three English speaking Dominions were, in principle, agreeable and only awaited the U.S. reaction to the proposal. (Despite these protestations, it was clear that if no pentagonal talks do transpire as a result of Mr. Denning's journey, it will be ascribed by the Dominions to a reluctance on the part of the U.S. not the U.K. to their being undertaken.[])

I pointed out to Mr. Denning in some detail the difficulties and dangers of holding formal consultations of this nature during this pre-election period and the unwisdom of undertaking such a step at this time and, in passing, inquired as to Mr. Denning's views as to degree of security to be counted on from Australia. I touched on the quixotic attitudes of the Australian representatives on the Good Offices Committee in Indonesia and on the United Nations Temporary Commission in Korea which certainly could not be described as directed towards fostering the purposes of security in the Pacific.

Mr. Denning vouchsafed that he had found the high ranking officials in Mr. Evatt's Ministry and Mr. Evatt himself somewhat unrealistic as regards Communist designs and methods and although he was prepared to attest to the soundness of the views of the Prime Minister,<sup>3</sup> he could give no assurance regarding the security of the Australian Government as a whole. Mr. Denning reiterated that he had not been authorized to commit anybody to anything and that the Dominion Governments were only aware that he was coming to Washington to explore bilaterally the situation as regards Japan and the question of holding pentagonal talks. He also said that in fairness to Mr. Evatt, he must state that Mr. Evatt had made mention of our impending elections as a possible impediment to the holding of such conversations. I then expressed the opinion that we were prepared to discuss informally, and at this stage tentatively, with him and with the representatives of other friendly FEC countries our views; that we had started off in Japan on the basis of assumptions; that after three years, it was possible to reassess the position and to proceed on the basis of past experience and not assumption; and that this past experience had been augmented by various missions sent to Japan, including Mr. Kennan's trip. We had been evaluating our experience and consulting with the other agencies of the Government concerned and it was our intention to discuss through diplomatic channels with the friendly FEC countries the evolved policy and seek their suggestions and co-operation. Mr. Denning said that the British Government had assumed

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<sup>3</sup> Joseph B. Chifley.



that these deliberations were going on and that the U.S. had concluded that (1) in the present impasse with Russia, it was undesirable to withdraw the occupation forces and (2) Japan must be moved to a position of self-support in order to relieve the unanticipated burden on the American taxpayer, and that in the view of his Government, any new point of departure of U.S. policy should be founded on a firm moral basis. Mr. Denning went on to describe the feeling of uncertainty in the English speaking Dominions and India and Pakistan regarding American intentions in Japan which, on questioning, did not seem to add up to more than the fact that the anticipated peace treaty was not on the tapis. I reiterated that we would be only too glad to exchange informally views on the situation as we have delineated it to date and that as our views became firm, we would be prepared to continue with conversations both with the U.K. Government and with other friendly FEC countries. Mr. Kennan referred to his conversations with the British Ambassador in Tokyo explaining that he had informed Ambassador Gascoigne at the time of his visit that as soon as he returned to Washington and his report and tentative recommendations had been considered within the Executive Branch of the Government and a concerted policy formulated, it was the Department's intention to initiate discussions through diplomatic channels with the U.K. and thereafter with other friendly FEC countries.

There was some talk about the peace treaty, Mr. Denning advancing the view that some members of the House of Commons thought that the U.S. should take a further initiative in this respect. It was pointed out that the U.S. had advanced a proposal, approved by the Canberra Conference but disapproved by the Chinese and Russians; that, aside from transmitting these notes of disapproval to all concerned, there seemed no constructive action that this Government could take. It was a moot point as to whether it would be in all of our interests to undertake a peace treaty with Japan without Russian participation, giving Russia the ability to undercut it. In any event, it was quite unlikely that Russia would participate without the veto, not to mention the fact that if China participated in a peace conference without Russia and thus called into question the Sino-Soviet peace treaty, she would require a price in protection. To all this, Mr. Denning made no definite reply.

In reiterating that there existed a sense of uncertainty in the Dominions he had visited as regards the developing situation in Japan, Mr. Denning went so far as to imply that the absence of a Marshall Plan for Asia was a just cause for complaint. Mr. Butterworth then enumerated the extent and kind of assistance that we were individually extending to such Far Eastern countries as China, Korea, Japan, the Philippine Islands, and the Netherlands East Indies mentioning the

indirect benefit which would be reflected throughout the Pacific area as a result of ERP. He made clear we had no intention of sponsoring a Far Eastern Marshall Plan.

At this point in the conversation, it became incumbent upon me to attend to certain urgent matters and it was agreed that informal conversations would be held with Mr. Dening and Mr. Graves by Mr. Kennan and Mr. Butterworth beginning the following morning.

This initial conversation left me with the impression that Mr. Dening was on a fishing expedition and the fact that he had embarked on a tour of the Dominions and sounded them out about pentagonal conversations when London had during the past seven months received no encouragement from the U.S. as to the desirability of such conversations, together with the gaps in his logic, gave me cause to wonder what was in the back of the British Foreign Office's mind.

[ROBERT A.] L[OVETT]

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740.00119 Control (Japan)/5-2748

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

RESTRICTED

No. 308

TOKYO, May 27, 1948.

[Received June 9.]

SIR: I have the honor to submit herein a recapitulation of the Occupation's program of disqualifying certain Japanese from holding particular positions and employment. Although we are aware that the Department has studied with care the documents relating to the purge, the present compact presentation may serve to bring into focus those facts which in our view are essential to any sound decisions for final disposition of this important and somewhat controversial matter.

I

The purge program as a bulk operation came to an end on May 10, 1948 when the previous machinery for its administration was terminated. Future new applicants for public office will require screening if they have not been previously screened, and this will be accomplished by the Prime Minister or (for local office) the prefectural governor concerned. The functioning of the purge as regards the ultranationalistic societies will continue as a responsibility of the Attorney General. The Government Section of this Headquarters looks upon the purge as being statistically complete on May 10, and in fact has in preparation a definitive history of the program. (There is always a lag of about a month in availability of purge statistics, which will be true also of the May 10 figures.)

To keep clear to the Japanese and others the intention of the Occupation that completion of the purge in no way implies relaxation of its incidence, the announcement on March 25, 1948 of impending changes in purge procedure was followed by a release a week later in the name of the chief of the Government Section to the effect that the purge program is a direct requirement of Japan's acceptance of the Potsdam Declaration and that final action thereunder will unquestionably hold future Japanese governments fully responsible (see the Mission's airgram No. 66, April 3, 1948). It would appear that the chief of Government Section desires to cause the Japanese to expect that the peace settlement will provide against any undoing of the purge.

[Here follows summary of purge procedure and statistics.]

#### IV

The basis which has been consistently cited for the various steps of the purge program has been the declaration at Potsdam\*, accepted by Japan in its surrender. It would appear unnecessary to labor the point that, so far as the mandatory provisions of the Potsdam Declaration are concerned, nothing in their terms required the carrying out of the purge on anything like the numerical scale on which it has in fact been enforced. The very large majority of the 210,000 persons who have been disqualified were so far from authority and influence that any assertion of their having deceived and misled the people of Japan would be ludicrous. On the other hand other provisions of the declaration, while not rendering mandatory any such institution as the purge developed into, contemplated changes in Japan of such nature as have been advanced (in the judgment of its proponents) by the purposes of the purge. The most pertinent of such provisions occurs in paragraph 10 ("The Japanese Government shall remove all obstacles to the revival and strengthening of democratic tendencies among the Japanese people"). It was the considered judgment of Government Section, on which had fallen the responsibility of reshaping the governing system of Japan into a modern institution, that the removal of all obstacles to the revival and strengthening of democratic tendencies among the Japanese people could not be brought about without a major alteration in Japanese leadership, which in turn could not be brought about without the purge.

There need be no mystery as to the developing state of mind in Government Section which led to the change in the purge from a program against irresponsible militarism to a program for the complete alteration of the leadership and control of Japan. Government Section, the body dealing with the Japanese Government and its reform, found

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\*Footnote in the original omitted.



its efforts rigidly circumscribed and practically neutralized by the Japanese attribute of conforming to the formalities of change without accepting its substance. Decision was made to make use of the relatively brief years of the Occupation in the effort to speed reforms which cannot be counted upon for execution by the Japanese after withdrawal of the Occupation. The purge was guided premeditatedly for political ends: Government Section is full of memoranda for or against the purging of a particular individual, frankly arguing on the basis of future usefulness or otherwise of the concerned individual to the Japanese political program which it is the policy of the Occupation to promote.

## V

The effect on the Japanese nation produced by the purge is in some ways difficult to appraise but in certain respects can be estimated with considerable confidence.

The high degree of acceptance of and cooperation with the program is the first surprise. This reaction of the Japanese public at large appears to be in part a measure of the considerable success of the Occupation's stress upon Japan's former great vulnerability to misguided leadership, coupled with the conviction that the former leadership can really not be shaken without severe treatment even if that severe treatment inevitably entails some individual inequities in its application. In part the generally favorable reaction of the Japanese public to the purge derives from a sense of relief that the consequences of defeat have not been worse. Purgees are barred from office; they are not placed in concentration camps, nor is their property confiscated, nor are they disqualified from other forms of employment.

In the political world the purge's efficacy in displacing leaders who would otherwise even now be in control of the political scene is unquestionable. Here the point of doubt, on the other hand, is whether the exclusion of the natural political leaders can be sustained long enough to permit a new and strong leadership to develop. There would be no point in wilfully blinding ourselves to the clear fact that, in the existing rudimentary stage of growth of new political talent, successive Japanese cabinets are not of such competence as would permit of their standing on their own feet against all comers without Occupation support. If the purge were to be suddenly washed out, there would go with it much of the Occupation's effort to develop new leadership among the Japanese; it has not yet been brought to the sticking point.

In the business world the effect of the purge is less clear. War and defeat and a long treatyless period have staggered Japan's economy quite apart from the removal of the purgees. As indicated in the foregoing statistical résumé, the number of persons disqualified by the

purge in its economic incidence has formed a relatively small part of the 210,000 total. The expressions of opposition and bitterness come not so much from the Japanese public as from former Japanese business leadership itself and from American and foreign business connections who very naturally would find their immediate interest best served by quick resuming of contact with the Japanese whom they knew and trusted before the war. The apathy of the Japanese public on this score would appear to arise from a very common recognition that the structure itself of the former Japanese economy required change because of its concentration of rewards upon a small class, if for no other reason. Here again doubt appears to attach not so much on account of detailed injustices incurred in the application of the economic purge as on account of apprehension that the creation of new leadership may prove inadequate. A new and irresponsible concentration of monied interest and economic control is rapidly ensconcing itself in Japan, and adequate regulatory measures to confine its activities to the common interest have not been devised.

[Here follows discussion of desirable modifications in the purge.]

Respectfully yours,

W. J. SEBALD

740.0011 PW (Peace)/5-2848

*Memorandum of Conversation, by Mr. Marshall Green of the Division of Northeast Asian Affairs*

TOP SECRET

[WASHINGTON,] May 28, 1948.

Participants: Mr. Dening, Asst. Under Secretary for Foreign Affairs, British Foreign Office  
 Mr. Graves, Counselor, British Embassy  
 Mr. Kennan, Director, Policy Planning Staff  
 Mr. Butterworth, Director, Office of Far Eastern Affairs  
 Mr. Green, NA

Mr. Kennan reviewed the prospects for an early Japanese peace settlement. Recalling the inter-Allied differences on the procedure and substance of a peace treaty and recalling the lengthy mechanics involved in the negotiation and ratification of a treaty, Mr. Kennan reasoned that the occupation would probably continue for many months, possibly several years more. Since the U.S. bears a primary responsibility for the conduct of the occupation, it is understandable that the U.S. would wish, at this time, to make a thorough reassessment of its position in Japan. Are, for instance, policies which the Allies

adopted in the immediate post-war period applicable to the situation today?

Mr. Dening replied that it was true that these policies might be of increasing embarrassment to the U.S. inasmuch as they were drawn up at a time when it was generally supposed that there would be a treaty of peace as soon as Japan was demilitarized, as it is today. He admitted that the British Chiefs of Staff and the Imperial Defense Council had "not given detailed consideration" to the new strategic situation in Northeast Asia, resulting from the predatory character of Soviet policy; but he felt that it could be safely assumed that the British Commonwealth would not wish to see the U.S. strategic position in the Far East in any way weakened. He added that it was nevertheless an inescapable fact, as the Canberra Conference regretfully concluded, that, thanks to Yalta, Russia held a dominant position in East Asia. Mr. Dening felt that the U.S. should resign itself to this situation and get on with the treaty negotiations. He commented that there was a general impression in the British Commonwealth that no final effort had been made to resolve the divergent viewpoints on treaty procedures and that even Dr. Evatt might be willing to accept the Chinese proposal on the grounds that, no matter what procedure was adopted, the USSR would act toward Japan without any regard for treaty decisions not approved by her. Mr. Dening emphasized that in his opinion an early peace treaty was necessary and he suggested the possibility of an 11-nation conference to resolve Allied differences on procedure.

Mr. Kennan indicated some of the difficulties of an early treaty. If it was concluded without the Russians—as Mr. Bevin had recently suggested might be desirable—the Russians would have no respect for the treaty conditions and might be left in the advantageous position of independently offering the Japanese terms which were somewhat more favorable than ours. If the treaty was now concluded with military and economic controls, the whole favorable psychological effect of a treaty would be lost on the Japanese people. If the treaty was now concluded without controls, Japan would be left militarily defenseless—an open invitation to Communist penetration; while any Japanese efforts toward rearmament would not only be ineffective but would be, as General MacArthur has pointed out, at the expense of Japanese economic recovery. Mr. Kennan further argued that economically and politically, Japan was not prepared for a peace treaty at this time. The sweeping and abrupt character of the reforms, for example, have created a serious disequilibrium in Japanese life which must be adjusted before the treaty, if Japan is not to start forth on its period of renewed independence with handicaps of serious consequence.



Mr. Denning replied that this also represented the situation which we will have to face without a peace treaty. He agreed that extensive readjustments in the U.S. approach to Japanese problems is desirable, but he maintained that the period of readjustment would almost inevitably give rise to serious difficulties for the occupation. He ventured that as soon as the Japanese realized that they would not have a peace treaty for a long time, they might undertake passive resistance to the occupation on a large scale. In some cases it might even be necessary for SCAP to maintain order by forceful measures, which could only earn for the occupation widespread unpopularity, locally and abroad. The tendency for the Japanese to resist the occupation would increase, he thought, in measure as they recovered from the profound shock of defeat. Mr. Denning doubted that there were any good prospects for increased Japanese initiative or self-reliance so long as they are kept in subjection. He pointed out that almost no really outstanding Japanese have come forward in public life during the occupation through an understandable fear of risking their political futures. He thought it highly important that the Japanese be immediately placed in the position where they have no one to blame but themselves.

Mr. Butterworth and Mr. Kennan agreed that these were legitimate considerations and that the Japanese muscles might well become "flabby" if the character of the occupational mission continued unchanged. They indicated, however, that hereafter the Japanese would be encouraged to assume progressively greater responsibilities in the conduct of their own affairs, and that our Government would make it clear to them that their initiative and hard work would be a condition of continued U.S. credits. They questioned Mr. Denning's assumption that the Japanese were necessarily anxious to have a treaty at this time; alarmed at the prospect of being left unarmed in a Soviet-dominated North Asia while the Soviets remained in an aggressive mood, the Japanese had come to appreciate that their best interests might well be served by a continued occupation. Mr. Butterworth made it clear that the U.S. does not wish to proceed in the matter of the timing of the treaty as if it were the only country concerned, and he inquired if it was Mr. Denning's view that since the U.S. had made a sincere effort to get the other countries together at the peace table, the U.S. was not therefore in a morally tenable position.

Mr. Denning replied that there was a general feeling in the Dominions that the U.S. was "putting forth its proposals for a treaty insincerely". It was fairly evident to him from what Secretary Marshall had said to Mr. Bevin and from other indications, that the U.S. would accept the Chinese proposal if it were genuinely desirous of now sitting down at a peace conference. An open admission of this fact, he thought,

might well persuade the UK and then the other British Commonwealth countries to abandon the Canberra line.

Mr. Kennan replied that as one of the Far Eastern big-four he did not believe that it would be appropriate for the U.S. to advocate FEC voting procedure for the Peace Conference.

Turning to the demilitarization question, Mr. Denning agreed with Mr. Butterworth that, stripped of its overseas empire and with its industries smashed, Japan could not be realistically viewed as a potential military threat for the foreseeable future. He believed that controls against future Japanese aggression should be of the simplest nature—preferably through preventing sizeable stockpiling of raw materials—and that they should be administered in such a way as not to impinge upon the daily consciousness of the Japanese.

Mr. Butterworth observed that, as evidenced in the FEC discussions of Japanese travel abroad, the Australians and New Zealanders evidently do not share Mr. Denning's view that Japan no longer constitutes an aggressive threat.

Mr. Denning allowed that Australia and New Zealand are taking an extreme view of the situation, not having recovered from the shock of the war. Thus, he noted, the Anzac powers are viewing with unreasoned alarm the prospect of Japanese emigration southward in the Pacific.

Turning to the question of our relations with the FEC, Mr. Kennan expressed the view that the U.S. Government bears an equal, if not greater, responsibility for having encouraged the FEC to pass on detailed matters which were properly within the administrative sphere of SCAP's determination. Mr. Kennan saw great advantage in allowing SCAP to take greater initiative in these matters. Aside from the fact that it would enable us to settle up and remove from the area of disagreement many of the problems which would otherwise complicate the negotiation of a treaty, it would, he argued, reduce the degree to which the Allied community would have to interfere in Japanese life in the post-treaty period.

Mr. Graves did not believe that these matters could be settled up without a firm line being taken by the FEC on Japanese level of industry, which in his opinion is the basic, unresolved problem of the occupation, "from which everything else flows." In this respect, he considered that the U.S. was under a direct obligation to take the initiative: The U.S. had immediate access to the facts of the situation, was not handicapped by telegraphic delays with its FEC representatives, and had the right to issue interim directives. To this Mr. Denning added that under positive U.S. leadership in the FEC the question of level of industries would be settled, although he doubted that there would "ever be an agreement on reparations".

Mr. Butterworth questioned whether the two problems—level of industry and reparations—could be considered separately. Certainly in the minds of the Chinese and Filipinos the belief that reparations were an economic panacea had been partially responsible for the clamor of public opinion in those countries for setting low levels of Japanese industry.

On both issues, Mr. Kennan argued, there is a wide gap between prevalent theories and the realities of the situation. He pointed out that reparations from Japan's obsolescent industries would be uneconomical and perhaps of no real benefit to recipient countries; that countries affected by the adverse [*advance?*] transfer program are already rejecting large proportions of available reparations equipment; that tremendous expense of effort is required of the Japanese Government—and of the U.S.—to maintain designated plants and to recondition, pack and ship reparations items, many of which are accepted by the claimant countries solely for their scrap value or for the packing materials involved. Mr. Butterworth alluded to further unrealities of the situation, citing the example of the Japanese aluminum industry, for which the FEC interim removals program envisaged the retention of no plant capacity. Technological advances had made it clear, he added, that aluminum had important, almost indispensable, peacetime uses which it would be an act of irresponsibility on our part to deny the Japanese.

Mr. Dening indicated that if acquainted with the so-called "realities of the situation" the British Cabinet might well change its views on the reparations-level of industry problem. He added that already there were widely divergent viewpoints in London on this subject and that even if the U.S. now came forward with a level of industry paper based on the OCI-Johnston recommendations, at least it would precipitate a fresh consideration of the problem and the issue could be put up squarely to his ministers. Mr. Dening admitted that he could not speak for the Anzac Powers "for they are in a fog over the whole matter". He described their "pathological worry" over the level of Japanese industry as being in marked contrast to the attitude of Burma and Malaya, whose lack of interest in the problem had been of embarrassment to Britain, which represented them on the FEC and the ACJ.

In Mr. Graves' opinion, it was fairly certain that London would firmly reject the OCI recommendations on Japanese shipbuilding. He thought that if the U.S. were genuinely seeking the support of the other countries to U.S. policies toward Japan, it should avoid references to Japan as "the workshop of Asia". He felt that this phrase had done a lot of mischief in countries such as China and India, which had



dreams, however unreal, of industrialization. The accent of our policy should rather be upon "restoring Japan's solvency".

Mr. Butterworth did not agree that wording should make this much difference. He expressed particular disappointment in the Filipino attitude to Japanese economic revival, which, he considered, bore no plausible relationship to reality.

According to Mr. Dening, it would be misleading to judge the attitude of the Dominions from the local press. From conversations he recently had with Mr. Nehru,<sup>1</sup> Mr. Dening felt certain that despite the viewpoint of the Indian press, Mr. Nehru was fully aware of the benefit to India of Japan's economic revival; and he further noted that in Australia and New Zealand it was the predominantly Opposition press which, for practical reasons, was responsible for the outbursts against policies being pursued in Japan.

Mr. Dening did not think that we could quietly drift into another phase of the occupation. A definitive and positive effort, he thought, would have to be made by the U.S., perhaps by the issuance of circular notes or through FEC action, to place the facts and recommendations before the other countries. If put up to the FEC, it would have the healthy effect of reactivating the Commission and of preventing it from bogging down in weary discussion.

Mr. Butterworth replied that a circular note might well be used by the USSR for propaganda purposes. Regarding the FEC, he felt that the Commission's tendency to involve itself in administrative matters was something definitely to be avoided if phase 2 of the occupation was to be carried out successfully.

Both Mr. Dening and Mr. Graves stressed that it was of the greatest importance that the U.S. assume real leadership in the FEC, through a leader who knows and represents U.S. policy. On the other hand, to by-pass the Commission would be inevitably to incur widespread resentment among our Allies.

Reverting to the peace treaty issue, Mr. Kennan emphasized that phase 2 of the occupation does not necessarily connote that there will be no peace treaty for a long time but rather is it partly designed to permit a treaty to take place. He pointed out that heretofore the trend of the occupation has been quite agreeable to the Russians—many of the occupational policies being almost indistinguishable from the "softening up" policies which Russia has pursued in Soviet occupied countries in Europe. Now, however, if we were to embark on a program of recovery as opposed to reform, of stability as opposed to uncertainty, nothing, said Mr. Kennan, could be better calculated to bring the Soviets to the peace table more swiftly and at our terms.

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<sup>1</sup> Pandit Jawaharlal Nehru, Indian Prime Minister.

Mr. Denning seemed particularly impressed by this line of argument. The discussion then centered on steps which should be taken during the remainder of the occupation. It was firmly agreed that the purge and the war crimes trials were ill-conceived, psychologically unsound and should be wound up within the shortest practicable period of time. In this connection, Mr. Denning felt that the scope of the purge should be immediately narrowed to apply only to those few who were primarily responsible for Japan's course of aggression. It was also agreed that it would be desirable to place greater responsibility in the hands of the Japanese, and that the occupational trend from now on should be one of detachment from the administration of Japan's political and economic life. From Britain's point of view, Mr. Denning did not consider that it would serve any useful purpose to permit Japanese to travel abroad for business or cultural purposes. UK-Japanese trade could, he remarked, be handled more effectively through British representatives in Japan than through Japanese representatives in the UK "who would get nowhere". As for cultural purposes, the British universities are already overcrowded.

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740.00119 Control (Japan)/5-2848 : Telegram

*The Acting Secretary of State to the Acting Political Adviser  
in Japan (Sebald)*

CONFIDENTIAL

WASHINGTON, May 28, 1948—7 p. m.

201. State Department resumes herewith cable series on weekly developments in the Far Eastern Commission. At meeting May 27 U.S. submitted following proposal on attendance at inter-govt conferences as FEC 300/8 in substitution for last U.S. position FEC 300/7 and as amendment to New Zealand proposal FEC 300/3.

"FEC decides as a matter of policy that :

1. Upon receipt of an appropriate invitation SCAP may appoint members of his staff as observers at inter-govt conferences, attendance at which he deems to be in the interest of the occupation.

2. Members of SCAP's staff attending an inter-govt conference on invitation as provided in Par. 1, may be accompanied by Japanese technical personnel when deemed necessary by SCAP, and when the attendance of Japanese personnel is acceptable to the country acting as host to the conference."

"This new proposal was believed necessary in view position majority members making impossible obtain agreement U.S. proposal FEC 300/7. U.S. proposal regarded completely adequate meet present requirements SCAP and insistence FEC countries for policy covering present attendance by SCAP at inter-govt conferences. In presenting

proposal Acting Chairman Saltzman read statement making clear U.S. proposal is limited to attendance by SCAP in non-voting capacity and does not represent policy one way or other on attendance by Japanese govt in any capacity or by SCAP in representative capacity. Statement makes clear these questions left open for future determination in light of developments.

U.S. proposal very well received, apparently mollifying considerable irritation previously evidenced by nearly all members at former insistence U.S. on policy specifically providing for attendance by SCAP in both observer and representative capacity. New Zealand representative stated gratified U.S. efforts resolve difference of opinion. He inquired whether possible insert statement in policy to effect SCAP would report to FEC invitations received attendance conferences representative capacity or alternatively U.S. declare would inform FEC upon receipt such invitations. Saltzman replied U.S. would consider suggestion. Separate cable being sent SCAP ref this matter.

Chinese representative stated probably relinquish position insisting conferences be limited to technical ones and that U.S. proposal goes a long way toward reconciling difference. Netherlands stated support. Following meeting Australia stated would recommend acceptance to Canberra.

No action taken other matters agenda.

LOVETT

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740.00119 Control (Japan) /6-148: Airgram

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

SECRET

TOKYO, June 1, 1948.

[Received June 9—8:05 a. m.]

A-114. During the course of an informal conversation with Sir Alvary Gascoigne, Head of the United Kingdom Liaison Mission, Sir Alvary said that in his opinion the Allied Council for Japan has outlived its usefulness. He termed the Allied Council "a redundant body" which has been grafted upon the Supreme Commander as the executive authority, and linked with the Far Eastern Commission as the policy-making body in the regime of control of Japan.

Sir Alvary stated that since the inception of the Allied Council for Japan he has consistently tried to advise the British Commonwealth Member not to take too active part in the discussions, as to do so would only lead to ill-will, misunderstanding, and a worsened political atmosphere. In the case of Mr. McMahon Ball, Sir Alvary stated that it was difficult to advise, as Mr. Ball preferred to argue and to appear in the



limelight at the Council meetings. In the case of Mr. Shaw, however, it is possible for him to give advice and to influence the behavior of the British Commonwealth Member. On the other hand, Dr. Evatt being a very positive individual, Mr. Shaw at times has difficulty in convincing his own Government of the inadvisability of raising objections or even discussions in the Council.

Sir Alvary expressed the opinion that the interests of the Allied Powers would best be served by abolishing the Allied Council, but unfortunately the Council having been formed by agreement among the major Allies, it would be impracticable at this late stage to change the terms of reference. In consequence, Sir Alvary felt that the less discussion entered into by the Council members, the better it would be for the Occupation as a whole. He hoped that I, as Chairman, would continue to hold merely *pro forma* meetings or at most, to limit discussion to the bare essentials.

[SEBALD]

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740.0011 PW (Peace)/6-248

*Memorandum of Conversation, by Mr. Marshall Green of the Division of Northeast Asian Affairs*

TOP SECRET

[WASHINGTON,] June 2, 1948.

Participants: Mr. Dening, Asst. Under Secretary for Foreign Affairs, British Foreign Office  
Mr. Graves, Counselor, British Embassy  
Mr. Butterworth, Director, Office of Far Eastern Affairs  
Mr. Allison, Chief, Division of Northeast Asian Affairs  
Mr. Green, NA

Mr. Dening stated that he and Mr. Graves had given considerable thought to the points raised by Mr. Butterworth and Mr. Kennan at the meeting on May 28,<sup>1</sup> and that he hoped to take up the better part of the present meeting in conveying the British viewpoint on these matters.

As a result of the last meeting, Mr. Dening said, he realized that a peace treaty this year would not be feasible, though he hoped that it might be concluded next year. He also appreciated the reluctance of the U.S. to conclude a treaty so long as Russia remains an aggressive threat, unless, of course, adequate U.S. security arrangements could be made to meet that threat. According to Mr. Dening, it might therefore be advisable for the U.S. to secure its strategic interests in the

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<sup>1</sup> May 27 and 28.

Western Pacific without postponing a treaty through the conclusion of a U.S.-Japanese bilateral pact. Presumably, such a pact would give the U.S. rights to maintain bases and troops in Japan to the extent necessary for guaranteeing Japan's territorial integrity. Mr. Denning suggested that it might be drawn up secretly in advance of a treaty and need not be discussed during treaty negotiations. Re-emphasizing a point made at the previous meeting, Mr. Denning stated that if we were to wait more than another year without a treaty, the Japanese would become restive, uncooperative and susceptible to Soviet propaganda of a character designed to play upon Japan's injured national pride as an occupied country. Moreover, he thought, there is an urgent need for regularizing Japan's position in the international community, which cannot be done in a treatyless period.

Mr. Butterworth and Mr. Allison questioned the feasibility of a bilateral pact, pointing out that there would undoubtedly be attempts to introduce clauses in the treaty stipulating that any defense of Japan should be on a multilateral basis. Such clauses, if accepted, would obstruct the possibility of a bilateral pact and the U.S. would find itself in the invidious position of prematurely being required to withdraw its forces and to destroy its airfields. Mr. Butterworth inquired if the U.S. could count upon the support of the British Commonwealth to such a pact.

Mr. Denning replied that he had recently discussed the matter with the Anzac Governments. Mr. Fraser had initially offered objections on moral grounds, but, after elucidation, saw justification for the proposal. Australia was "quite receptive to the idea, being keenly interested in security considerations". Mr. Denning admitted, in reply to a further question from Mr. Butterworth, that Russia would probably learn of the existence of a bilateral pact during treaty negotiations and that it would probably never be party to a treaty leaving the U.S. in a favored military position in Japan. He did not think, however, that Russian participation in a treaty was of vital importance.

Mr. Butterworth took exception to this view, indicating that otherwise the Russians would not respect the treaty terms and might be enabled independently to offer Japan more favorable terms than ours. In this respect the USSR is in an advantageous bargaining position, holding the key to raw materials and fishing areas in Northeast Asia critically needed by the Japanese economy.

Mr. Denning remarked that for the next few years there would probably be little export surplus of these raw materials and that in the meanwhile, Japan would come to depend heavily on the U.S. for the revival of her industries. He thought that thereafter Japan would hardly be in a position to "switch sides". Mr. Denning stated that the

general impression in the Foreign Office is that world opinion would not be morally adverse to such a US-Japanese defense pact. Even China, he added, could be made to understand that this pact would be in China's best long-term interests.

Mr. Butterworth referred to an argument advanced by Mr. Denning at the previous meeting that the terms of surrender have been virtually completed and that the USSR could therefore point out to the Japanese with telling effect that "an iniquitous United States is responsible for still holding Japan down". Mr. Butterworth observed that it must be fairly apparent to the Japanese which country has been primarily interested in reviving Japan economically and in restoring its normal relations with the outside world. In this latter respect, he added, the U.S. would appreciate the cooperation of other countries in the FEC.

Mr. Denning maintained that it would be difficult to gain the general support of the other FEC countries if they were not acquainted with the general concept of U.S. policy thinking. The appropriate method of gaining this support, he suggested, would be through a general FEC paper. It certainly could not be gained against the background of further U.S. press conferences in which references are made to Japan as a "strategic bastion for the U.S." or the "workshop of Asia".

Mr. Butterworth did not believe that FEC action would be an effective approach to this problem, preferring that the support of friendly FEC countries be gained through comprehensive discussions on a direct intergovernmental basis.

Turning to the reparations question, Mr. Butterworth regretted that it would not be possible at this time to discuss the question in any detail since no final agreement had been reached on it in the Executive Branch of the Government. He recognized, of course, that the early determination of the reparations problem was of fundamental importance. Mr. Graves interjected that levels of industry, not reparations, is the basic issue. Mr. Butterworth rejoined that in his opinion the two problems could not be so separated, since the FEC levels of industry are an important issue in so far as they determine reparations availabilities. Otherwise, he thought, they do not affect Japanese industry, being generally set well above what Japan, for lack of raw materials, etc., will actually be able to produce during the period in which the FEC levels of industry are to be effective. Mr. Butterworth suggested that it might be necessary for the U.S. to set a final reparations program in motion by the issuance of an interim directive to SCAP establishing a schedule of shares along the lines of the schedule which the U.S. submitted last November to the FEC. Such a schedule



would presumably take into consideration the amounts of Japanese external assets now held by reparations claimant countries.

Mr. Graves remarked that the basic difference between Mr. Strike's approach to the level of industry problem and the British approach is that the former is made from a long-term point of view. He affirmed that the British Government regards Japanese levels of industry as applicable only during the period of the occupation and that Japan will not be bound by any such restrictions in the post-treaty period. Reemphasizing a point made by Mr. Dening at the May 26 meeting, Mr. Graves urged that no matter what levels of industry are now proposed by the U.S., a firm U.S. position will at least prompt his Ministers to consider the problem afresh. In Mr. Graves' opinion there is already a wide area of agreement between the U.S. and the U.K. on the subject of levels of industry since both countries appreciate that no levels should be set which could in any way jeopardize Japan's economic recovery.

Mr. Butterworth stated that Mr. Graves would, therefore, presumably agree that the levels of Japanese industry should not be so low as to tolerate large scale removals of reparations items to countries lacking the power, materials and skilled labor for their utilization.

In conclusion Mr. Dening stated that this was about as far as he could go in his discussions of Japan and he would now like to take up problems connected with China and Southeast Asia.<sup>2</sup>

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<sup>2</sup> A summary of the conversations with the "Dening Mission" was submitted on June 17 to Mr. Lovett and other officers of the Department (740.0011 PW (Peace)/6-1748).

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740.0011 PW (Peace)/6-248

*The Ambassador in China (Stuart) to the Secretary of State*

No. 255

NANKING, June 2, 1948.

[Received June 7.]

The Ambassador has the honor to refer to the Department's telegram No. 678, dated May 5,<sup>1</sup> and to transmit translations of six resolutions passed by the National Assembly during April 1948<sup>2</sup> on the subject of the Japanese Peace Conference. The subjects of the resolutions are as follows:

Resolution 108[: ] Principles to be advocated by the Chinese Government in connection with the Japanese Peace Treaty.

Resolution 141[: ] Proposal that a Japanese Peace Conference based on the Potsdam Declaration be called at once.

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<sup>1</sup> Not printed.

<sup>2</sup> Enclosures not printed.

Resolution 196[: ] Proposal that the Ryukyu Islands be returned to China.

Resolution 199[: ] Proposal that Taiwanese representatives be sent with the Chinese delegation to the Peace Conference.

Resolution 294[: ] Proposal that the maximum level of production of the rehabilitated Japanese textile industry be stipulated in the peace treaty.

Resolution 769[: ] Proposal that the Government oppose the new American plan for reducing Japan's reparations.

These six resolutions embody ideas which frequently appear in the Chinese press. They express the lively apprehension among many Chinese that the United States may be engaged in restoring Japan's military potential and the fear that the Chinese Government is not sufficiently active in opposing this trend. Among other things the resolutions call for complete disarmament of Japan, abolition of the mi-kado system, maintenance of Japanese industry and standard of living at a low level and control of Japan to be continued for fifty years.

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740.00119 Control (Japan)/8-348

*Memorandum Prepared in the Canadian Department of  
External Affairs*<sup>1</sup>

SECRET

[OTTAWA, June 3, 1948.]

UNITED STATES POLICY FOR JAPAN

SUMMARY OF INTERVIEW WITH MR. G. F. KENNAN, UNITED STATES  
DEPARTMENT OF STATE, JUNE 1, 1948

Mr. Kennan, who is the Chief of the Division of Planning and Policy in the State Department, said they proposed to try out on the United Kingdom and Canada their revised plans for Japan.

A revision of plans had been called for because they could see no satisfactory method of resolving the impasse on procedure for the Japanese peace conference. They were reluctant to press the Chinese to change their views as the Chinese already blamed the United States for the Yalta concessions to the U.S.S.R. They thought that if we went ahead with a conference without the Russians we would have no way of making them observe the terms of our treaty and, furthermore, the Russians might offer the Japanese better terms once they knew ours.

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<sup>1</sup> Copy transmitted to the Department in a letter of August 3 from Ottawa. The Embassy there had been furnished copy of this and the memorandum of conversation, *infra*, in a letter of July 29 from the Canadian Under Secretary for External Affairs (Pearson), with the remark that the views expressed were personal and informal. The papers were sent to George F. Kennan for his information.

The United States was apprehensive lest Japan, turned free by a peace treaty, should lack the economic and military resources to resist Soviet interference. The United States was now thinking in terms of prolonging the pre-treaty occupation period. During that period they proposed to progressively relax controls over the Japanese Government and assist Japan to get on its feet again as an industrial power. Mr. Kennan said this would require agreement among the members of the Far Eastern Commission to a drastically revised reparations programme. The United States had not yet determined how to get that agreement.

To ensure continued security for Japan during the pre-treaty period, the United States advocated the establishment of an adequate Japanese coastguard and the strengthening of the Japanese police forces with some centralization of control. In addition, the United States would continue to station troops in Japan to guard against Soviet interference.

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740.00119 Control (Japan)/S-348

*Memorandum of Conversation, Prepared in the Canadian Department  
for External Affairs*<sup>1</sup>

[Extracts]

SECRET

[OTTAWA,] June 3, 1948.

MEMORANDUM OF A CONVERSATION WITH MR. GEORGE F. KENNAN, CHIEF OF THE DIVISION OF PLANNING AND POLICY IN THE UNITED STATES STATE DEPARTMENT, ATTENDED BY MR. R. ATHERTON,<sup>2</sup> MR. E. REID, MR. R. G. RIDDELL, MR. D. JOHNSON, MR. R. E. COLLINS AND MR. A. R. MENZIES, JUNE 1, 1948

[Here follow numbered paragraphs on the reason for Mr. Kennan's visit, procedure for the Japanese peace conference, Canadian views on this aspect, objections to a conference without Soviet participation, doubtful value of a treaty at present, and prolongation of the pre-treaty period.]

*Reparations*

15. Mr. Kennan said they had reviewed the whole levels of industry and reparations programme and had come to the conclusion that current F.E.C. thinking was unrealistic. For instance, they had estimated that at the present rate of removal, it would take the Philippines twenty years to take away its 5% share of the machine tools, etc. in

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<sup>1</sup> See footnote *supra*.

<sup>2</sup> Ray Atherton, Ambassador in Canada.



the advanced reparations removal programme. He was doubtful if any great part of these industrial facilities could be effectively used in the Far Eastern countries. People did not realize how obsolete Japanese equipment was and how little value it would have removed from its Japanese context of building, transportation, power supply, labour, technicians and management. Meanwhile, it was costing huge sums to keep these facilities in a proper state of preservation for reparations removal. The cost of packing equipment for removal was also disproportionately high, sometimes equalling the estimated value of the industrial facilities.

16. Mr. Kennan said that the United States wanted to find some way of disposing of the reparations problem in a year or two at the most. It would have to be a realistic programme revised in terms of a new appraisal of Japan's requirements and the early and effective use to which equipment could be put by the claimant countries. The United States proposals would probably not go quite as far as the Strike Report. (Mr. Kennan would not be more precise than this.)

17. Mr. Collins said that without adopting the extreme position of the Strike Report which contained a lot of doubtful and unpersuasive statistics, it should be possible for the United States Government to make a new calculation of a peaceful level of industry for Japan for say the year 1953 based on the accepted 1930-34 mean. Such a calculation, taking into account two years of occupation experience in the Japanese balance of international payments problem and also an upward revision in population estimates, should fix a peaceful level of industry for Japan that would meet Japanese needs and also have some chance of acceptance by F.E.C. members.

18. Mr. Kennan said that he was not convinced of the soundness of the "peaceful level of industry" method of determining what industrial facilities should be made available for reparations claim.

19. Mr. Menzies asked Mr. Kennan how the United States then proposed to sell their revised reparations proposals in the Far Eastern Commission. Until the members accepted the revised proposals, the United States was bound by the Interim Reparations Removal Policy paper that had already been passed.<sup>3</sup> Mr. Kennan recognized the difficulty and said this was one of the reasons for the preliminary exchange of views with us.

20. Mr. Menzies asked if the United States had considered the possibility of calling a regional economic conference of Far Eastern countries either through the Economic Commission for Asia and the Far East or outside it, something like the one that had recently been

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<sup>3</sup> For decision of May 22, 1947, see *Activities of the Far Eastern Commission*, report, p. 77.

held by sixteen countries in Paris to consider a European Recovery Plan. Such a conference might consider

- (a) the individual economic reconstruction requirements of Far Eastern countries,
- (b) how these national plans could be integrated on a regional basis,
- (c) where Japan fitted into such a Far Eastern economic reconstruction plan from (i) the point of view of the stimulus Japanese economic recovery would give to commerce throughout the Far East, and (ii) possible use by the Far Eastern countries of industrial facilities removed on reparations account from Japan.

Mr. Menzies thought that perhaps in the context of a positive economic reconstruction plan that might be evolved at such a conference, the possible role of industrial reparations from Japan might be placed in its proper perspective. The United States might also consider the integration of their various plans of economic assistance to Far Eastern countries into such a plan as an added incentive for the Far Eastern countries to cooperate. Mr. Menzies recognized that there would be many difficulties peculiar to the backward state of industrial development in the Far East, the upset political conditions and the lack of integration of the economies of Far Eastern countries that would make difficult the working out of such a regional economic plan for the Far East. However, unless the Far Eastern countries could be induced to view the Japanese reparations problem in this broader and more positive context, Mr. Menzies was afraid it would be difficult for the United States to sell them their revised proposal. Mr. Kennan said that they had given some thought to such a regional conference but he did not elaborate on these views. He welcomed this suggestion from us and recognized that it would be very difficult to sell their programme to the other Far Eastern countries.

21. Mr. Kennan said that in addition to trying to get a realistic settlement of the reparations problem the United States was going ahead with plans to give financial assistance to the Japanese in their industrial rehabilitation. He mentioned a figure of \$500,000,000 the first year, tapering off in five years. The United States would not stand for irresponsible meddling in Japanese industrial recovery through some "frivolous" reparations programme while she was paying out \$500,000,000 a year to get Japan on her feet again.

#### *Internal Reform Measures in Japan*

22. Mr. Kennan gave it as his opinion that a good number of the internal reform measures in Japan had gone much too far. He doubted the wisdom of trying to make the Japanese over like ourselves. He

didn't think we could succeed. All we were doing was tearing apart the closely woven fabric of Japanese society. Some of the young officers in G.H.Q. SCAP were out-doing the Russians in their enthusiasm for uprooting traditional structures. It was in the power of SCAP to modify some of these programmes. The F.E.C. was also implicated.

23. The new Japanese constitution was a pretty good one, Mr. Kennan thought, but some of its flaws were becoming apparent. He referred specifically to the abolition of the Ministry of the Interior and the decentralization of the police forces. It was now possible for Communists to infiltrate local elected governments and local police forces and for the central government in Tokyo to know nothing about it. It was also difficult to tell whether local governments were adhering to policies formulated by the central government. (Mr. Kennan did not say what they thought should be done about this but left the impression that the Japanese Government itself would probably take steps to strengthen its control over local administrations and he hoped F.E.C. countries would not make a fuss about it.)

24. Mr. Kennan thought the land reform programme had been pretty successful, although it had gone too far in certain respects.

25. The directives purging from public positions senior Armed Forces officers, individuals who had played a prominent part in ultra-nationalistic societies, key figures in the war-supporting industries, strongly nationalistic teachers, senior officers of the police force and all members of the gendarmerie came under an especially heavy attack from Mr. Kennan. He thought that it had been particularly short-sighted to say to some tens of thousands of these former leaders of Japanese society that they could no longer occupy positions of any importance. It was a sure way of creating an underground and dissident element in Japanese society, an element whose dissatisfactions might be taken advantage of by the Communists. Mr. Reid interjected here that he thought it was this very element which would be the least susceptible to influence by the Communists since under a Communist government they would be even worse off than they are today. Mr. Kennan explained that what he really meant was that this group would be a source of weakness and discontent in Japan and that this would play into Communist hands. He referred, however, to the experience in Germany where the grandson of Bismarck and other important Army officers and Nazi officials had linked a revival of their fortunes with the Communists. He said that by removing the whole leader class from Japan, we left industry without efficient management, commerce without experienced promoters and government without its more adept officials. He thought that we should permit the Japanese Government to relax the effect of these purge directives now and permit these



purgees to resume a modest but constructive role in Japanese Society once more.

26. Mr. Kennan also criticized the decentralization of industry—the dissolution of the Zaibatsu—through the working of the Holding Companies' Liquidation Commission. He said that nearly 80% of the corporate assets of Japan were now held by the Liquidation Commission. This was stifling initiative and he hoped that something could be done pretty quickly to right this situation in order that Japanese industrial recovery might not be further retarded.

27. Mr. Menzies said that without wishing to take issue with Mr. Kennan on the soundness of individual reform directives, he personally thought it would be a serious mistake to give the Japanese people and people of other Far Eastern countries the impression, as a certain number of American newspapermen were now doing, that we propose to scrap the whole reform programme. If the Japanese wished to be accepted back into the comity of nations, then Mr. Menzies thought that they would have to give pretty strong evidence of their honourable intentions. The ordinary people in Canada were still highly mistrustful of the Japanese. The Japanese had created this reputation for themselves through abuse of patent agreements, unethical trade practices, interference in fish conservation programmes and many other things. He thought that if there was to be any relaxation of the reform measures in Japan, the Japanese Government should be urged to make it quite clear at the same time that they intended to adhere to the spirit of the Potsdam Declaration. Mr. Menzies said that it was not the letter of the reforms that he cared about, it was the general spirit of the reforms.

28. Mr. Kennan said that while we were worrying about Japanese reforms, we were giving the Russians an opportunity to extend their influence in Japan. The United States felt strongly its responsibility for preventing Japan from falling under Soviet influence and did not propose to permit the rupture of the Japanese traditional social fabric by these various reform measures to give the Russians any opportunities to infiltrate their insidious influence into the country.

### *Security*

29. General MacArthur had given it as his opinion that even with considerable assistance from us, Japanese war potential could not be built up to any threatening strength in less than twenty-five years. Mr. Kennan thought that everyone would agree that in the physical sense Japan had been pretty effectively demilitarized. At the time of the Potsdam Declaration a totally demilitarized Japan had been envisaged. This provision had been written into the Japanese constitution. It also appeared in various Far Eastern Commission policy

statements to which the United States had adhered. However, the world situation had changed considerably from that time through our seeing more clearly Soviet aggressive intentions. There was now a serious problem of defending Japan against Russian domination. Soviet forces were stationed in the Kurile Islands and South Sakhalin, only a few miles away from Japan. They also had a powerful base at Vladivostok and it would probably not be many months before they had overrun the whole Korean peninsula. If a peace treaty were to be signed now and the Japanese cast adrift, Mr. Kennan felt it was obvious that the Russians would exercise a good deal of military pressure against demilitarized Japan. The United States did not intend to permit that and it was largely for this reason to quite an extent that they proposed to prolong the occupation period. Certain responsibilities, however, had to be taken over by the Japanese themselves. He referred to the fact that the police force and the local gendarmerie were inadequate in numbers and had only one pistol for every fourth man. The most urgent need at present was for a coast guard to prevent the Russians from infiltrating agents into Japan. Numbers of them were already landing on Kyushu. Mr. Menzies said that we had acquired a certain amount of notoriety in the Far Eastern Commission for giving strong support to the United States in the recent discussion of the Maritime Authorities Bill. Mr. Menzies thought that this was a very good instance of bad American tactics. SCAP had permitted this Bill to be introduced into the Japanese Diet and newspaper reports about it had come out of Tokyo before the United States had mentioned it even informally to any of the F.E.C. members that they could expect to sympathize with their viewpoint. He thought that if the Americans had bothered to explain confidentially to their friends ahead of time what their problem was, they might have got a good deal more support. Mr. Menzies envisaged similar difficulties arising in connection with all the other changes in policy which the Americans were contemplating in Japan and thought that they should give very careful thought to the question of talking their proposals over with their friends before introducing them into the Far Eastern Commission.

30. Mr. Collins elaborated further on the need for the United States to give careful thought to their strategy and tactics in presenting their revised proposals to the Far Eastern Commission countries. He pointed out that there was a provision in the Terms of Reference for the United States to issue interim directives on urgent matters if agreement had not yet been reached in the Far Eastern Commission. He said that he thought that the United States ought first to discuss its proposals outside the Commission informally with its friends, then introduce the



proposals in the Commission, get as wide a measure of agreement for them as possible, press them to a vote and, in the event that the Soviet Union vetoed the proposals, the United States should then go ahead and issue an interim directive. Mr. Menzies said that as we and most of the other F.E.C. members had supported a two-thirds voting procedure for the Japanese Peace Conference, there was no reason why we would not accept such an arrangement in the Far Eastern Commission. It was important, he thought, that the United States should not move unilaterally in Japan. He thought that as the Japanese would have to build up most of their trade with Far Eastern countries, it was important for the Japanese that they should feel that any revised occupation policy was not based solely on a bilateral agreement between the Americans and themselves, but had a pretty wide measure of support in other interested countries. Without this broad measure of support there was no guarantee that an atmosphere of resentment would not be created in Far Eastern countries which would in the long run considerably detract from the advantages that the United States saw in arriving at a suitable settlement of Japanese economic and security problems.

31. Mr. Kennan concluded by saying that as we could not really count on very extensive reforms in the outlook of the Japanese, it would be necessary to maintain certain minimum security controls for quite a time. He thought that these would be most effective if kept to a bare minimum. He pointed to the fact that the financial assistance which they propose to give the Japanese now and which would be continued for five years would have a considerable influence on making it seem profitable to the Japanese to behave themselves.

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740.00116 PW/6-348

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

RESTRICTED  
No. 320

Tokyo, June 3, 1948.  
[Received June 14.]

SIR: I have the honor to transmit the following information concerning the trials of alleged Japanese war criminals falling within the Class B and Class C categories as defined by paragraph I of the Far Eastern Commission policy decision of April 3, 1946<sup>1</sup> (FEC-077/7). This information has been obtained from both Allied and Japanese sources and is believed to be accurate.

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<sup>1</sup> See FEC 007/3, April 3, 1946, enclosure to letter from the Secretary General of the Far Eastern Commission, April 4, 1946, *Foreign Relations*, 1946, p. 424.



As of April 30, 1948, 2,724 Japanese had been tried by Allied tribunals for alleged war crimes in the categories of Class B and Class C. Of these 2,284 were convicted and sentenced. The following table lists the various Allied nations which have tried Class B and Class C Japanese war criminal suspects and shows the number of Japanese tried and general categories of decisions reached:

	<i>Number Tried</i>	<i>Number Con- victed</i>	<i>Number Sen- tenced to Death</i>	<i>Prison Terms 10-25 yrs.</i>	<i>Prison Terms Over 25 yrs.</i>
Australia	775	541	139	198	21
China	215	163	54	35	29
France	68	57	19	12	7
Netherlands	144	142	57	53	9
Philippines	15	12	7	3	2
U.S.S.R.	..... (No Information Available) .....				
United Kingdom	611	550	187	142	46
U.S.A.	896	819	173	227	190
Totals	2, 724	2, 284	636	670	304

These statistics include trials by Allied nations in all parts of the Far East. For example, the figure 896, representing the number of Japanese tried by the United States, includes trials by United States military and naval courts in Japan, Guam, and Manila.

The figure given for Japanese convicted by United States military courts must also be revised somewhat in the light of the results of review by appropriate authorities. As of April 22, 1948, eighteen of the sentences imposed by United States military commissions in Japan have been reduced by Lt. General Robert L. Eichelberger, Commanding General of the United States Eighth Army, and 400 cases were still awaiting review. Four death sentences were commuted, three to life imprisonment and the other to thirty years hard labor; other prison terms were commuted and one three-year sentence was suspended.

It is believed that the figures given for several countries are somewhat lower than the actual figures because of delays in notification to this Headquarters of the results achieved. This is true particularly in the case of trials by Chinese and by Netherlands military courts.

Present plans call for conclusion of Class B and Class C trials by the end of 1948. Trials by the United Kingdom, which have been taking place in Singapore and Hongkong, have already come to an end. Many war criminal suspects are still being detained by other Allied nations, including the United States, but it is estimated that the program of trials will be substantially concluded by the end of this year.

It has been learned unofficially from officers of the Legal Section of this Headquarters that those Japanese who have been arrested and interned, many of them for nearly two years, in Sugamo Prison in Tokyo on suspicion of having committed war crimes in Class A, are now being re-examined with a view to returning indictments for commission of Class B crimes against those found liable; trial in Class B category will not necessitate invitation to other Far Eastern Commission nations to participate in the trials. It would appear unlikely, however, that trial of present Class A suspects who are finally indicted for alleged commission of Class B war crimes will terminate by the end of 1948.

Respectfully yours,

W. J. SEBALD

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740.00119 Control (Japan)/6-448: Telegram

*The Secretary of State to the Acting Political Adviser in Japan  
(Sebald)*

CONFIDENTIAL

WASHINGTON, June 4, 1948—7 p. m.

206. At meeting Far Eastern Commission June 3, France and UK supported US proposal (FEC 300/8) on attendance at inter-governmental conferences. US in answer to New Zealand inquiry at last meeting informed Commission on basis of information received from SCAP that upon receipt of invitation for SCAP to attend inter-governmental conference in representative capacity, or invitation for Jap Govt to attend inter-governmental conference in any capacity, FEC will promptly be so informed. In view of this statement, New Zealand Member declared he was prepared to accept FEC 300/8.

Australian Member informed that Commission will hereafter be provided by US Member with information regarding travel of Jap nationals authorized by SCAP, but had no comment.

USSR Member stated that FEC 300/8 acceptable provided amendments adopted to effect that inter-governmental conferences limited to "technical" conferences and that attendance by SCAP at any other conferences be subject to approval by FEC.

US Member stated that he could not accept Soviet amendments and referred to statement by Mr. Saltzman on May 27 that "It is the feeling of the US Delegation that the use of such a limiting description would reduce the clarity of the policy and leave the way open for uncertainties on the part of SCAP and possible recriminations on the part of member governments". Netherlands and New Zealand (in spite of latter's earlier support for such limitation) approved US position.

The US Member suggested that vote on the USSR amendment be postponed in order to give him opportunity discuss problem with USSR representative.

MARSHALL

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894.628/5-448

*The Department of State to the Australian Embassy*

AIDE-MÉMOIRE

The Department of State desires to refer to the Australian Embassy's *aide-mémoire* of May 4, 1948,<sup>1</sup> replying to the Department's *aide-mémoire* of April 13, 1948, in which the Department offered to transmit to the Supreme Commander for the Allied Powers in Japan for his consideration such views as the Australian Government might care to submit regarding a contemplated third SCAP-administered, Japanese-manned Antarctic whaling expedition.

A message has now been received from the Supreme Commander advising that after careful consideration of the opposing views advanced by the Australian Government and other interested Governments he has nevertheless been compelled in the circumstances to authorize a third expedition. The reasons leading him to this decision are stated to be the same as those necessitating the first and second expeditions, notably the continuing acute shortage of necessary food products in Japan and the importance of maximizing foreign exchange resources for the procurement of essential imports for Japan. The Supreme Commander further states, however, that in view of the Australian and other Governments' express opposition to the inclusion of a third factory ship, and because of his desire to meet these Governments' wishes in the matter of Japanese whaling to the largest possible extent consistent with the effective performance of the occupation mission, he has decided not to authorize the addition of a third ship.

With reference to the Australian Government's contention that Japanese participation in Antarctic whaling is properly a matter of principle which should be decided by the Far Eastern Commission, the position of the United States Government on this question has already been made clear in connection with the previous expeditions and need not be repeated here. It is the view of this Government that the Supreme Commander has authority under the provisions of FEC-035,<sup>2</sup> or under his general powers as "the sole executive authority for

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<sup>1</sup> Not printed, but see memorandum of May 4, p. 747.

<sup>2</sup> Sent as directive to SCAP on November 13, 1945; see Department of State, *The Far Eastern Commission*, a study in international cooperation: 1945 to 1952 (publication 5138, Far Eastern Series 60; released December 1953), p. 106. See also memorandum of February 14, 1947, *Foreign Relations*, 1947, vol. VI, p. 179.



the Allied Powers in Japan", to authorize the subject expedition, and that he should do so.

The Department of State notes the view of the Australian Government that the treatment accorded the Australian observer during the last expedition could not be regarded as satisfactory. The Department is not yet in possession of all the facts relative to this complaint, but is bringing it specifically to the attention of the Supreme Commander with the request that he institute the necessary inquiries. The Embassy will be advised immediately the Supreme Commander's report is received.<sup>3</sup>

WASHINGTON, June 8, 1948.

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<sup>3</sup> Similar replies were made on the same date to the New Zealand Legation's *aide-mémoire* of May 6, the Norwegian Embassy's of May 14, and the British Embassy's of May 18, all of which responded to the Department's *aide-mémoire* of April 13, none printed (894.628/5-648, 5-1448, 5-1848).

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740.00119 Control (Japan)/6-1148: Telegram

*The Secretary of State to the Acting Political Adviser  
in Japan (Sebald)*

CONFIDENTIAL

WASHINGTON, June 11, 1948—7 p. m.

212. Deptel 206.<sup>1</sup> At meeting FEC June 9 Soviet amendment to US proposal on attendance at inter-governmental conferences, FEC 300/8, defeated 7-1 with 3 abstentions. US member informed Commission that SCAP would advise Commission of all invitations which he accepts to attend inter-governmental conferences in non-voting observer capacity. All members except USSR who abstained voted for FEC 300/8. Chairman ruled that paper passed if there was no objection and interpreted absence of objection to signify concurrence. Chinese member voted for paper on understanding that "observers" in para 1 meant non-Japanese "observers". US member confirmed this interpretation. Philippine member stated his Govt still did not consider it advisable for Japanese to be present at inter-governmental conferences, but understood that such Japanese as did attend conferences would be carefully screened and prohibited from participating in political and propaganda activities.<sup>2</sup>

It is probable that next paper in same field as above, Interchange of Persons Between Japan and Other Countries for Cultural Purposes,

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<sup>1</sup> June 4, p. 809.

<sup>2</sup> On June 25, the Department reported the text of the FEC policy decision of June 9 and added that a SCAP observer accompanied by Japanese technical personnel should be invited to the ILO conference at San Francisco; this message was repeated to Tokyo as telegram 228 (501.RA/6-2548). For FEC 300/10, June 9, see *The Far Eastern Commission*, 2d report, p. 22; it was sent as directive 91, June 17.

SC 240/13, will be forwarded to Commission in near future. In absence of contrary advice USDel assuming SCAP concurrence in position of US, SC 240/13 as amended by SC 240/15.

FEC also considered FEC 280/6, Access to Japanese Technical and Scientific Information in Japan, which had been forwarded by Steering Committee to Commission on June 8 by vote of 10 in favor USSR abstaining. USSR member introduced on Commission level amendment that "Technical representative appointed by governments in accordance with this decision may have the necessary staff of interpreters" which had been defeated in Steering Committee by a 3-1 vote with 7 abstentions. US member took position that this amendment referred to administration of policy decision and therefore should not be included in policy decision. US member also indicated conditions attached by SCAP to visit of technical representatives and stated he was awaiting a reply from SCAP as to what arrangements were being made to implement the policy decision so far as interpreters, translators and secretaries were concerned. It is hope of USDel that reply from SCAP will cause several of abstaining delegations to favor US position on USSR amendment.

Both Philippine and French representatives removed general reservations of their Governments on FEC 242/32—Level of Economic Life in Japan: Policy Towards Japanese Industry, and Australian member removed specific reservation on nitric acid and chlorine industries. Philippines, France and UK expressed desirability of early vote on policy. Only China, USSR and US now without instructions.<sup>3</sup>

MARSHALL

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<sup>3</sup> For letter from Secretary of the Army Royall, June 21, see p. 978.

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894.628/5-448

*The Department of State to the Australian Embassy* <sup>1</sup>

AIDE-MÉMOIRE

The Department of State has considered the *aide-mémoire* of the Australian Embassy dated May 4, 1948,<sup>2</sup> in which it is stated that the Australian Government is concerned over certain recent developments considered indicative of a tendency on the part of the occupation authorities in Japan to resolve unilaterally matters properly within the jurisdiction of the Far Eastern Commission.

Before commenting *seriatim* on the matters raised in the Embassy's *aide-mémoire*, the Department of State wishes to clarify its under-

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<sup>1</sup> Notation: "Delivered personally to Australian Ambassador at 12:00 noon June 12, 1948 by C. E. Saltzman."

<sup>2</sup> Not printed, but see memorandum of May 4, p. 747.

standing of the proper functions and responsibilities of the Far Eastern Commission and the Supreme Commander for the Allied Powers, respectively, in the occupation of Japan.

It is provided in the Moscow Agreement of December 27, 1945, that the functions of the Far Eastern Commission shall be:

“1. To formulate the policies, principles and standards in conformity with which the fulfillment by Japan of its obligations under the Terms of Surrender may be accomplished.

“2. To review, on the request of any member, any directive issued to the Supreme Commander for the Allied Powers or any action taken by the Supreme Commander involving policy decisions within the jurisdiction of the Commission.”

The Supreme Commander is to “issue all orders for the implementation of the Terms of Surrender, the occupation and control of Japan, and directives supplementary thereto”, and is to act as “the sole executive authority for the Allied Powers in Japan.”

It is the clear sense of these provisions—indeed the effective supervision and control of a nation of the size and complexity of Japan permits of no other interpretation—that the FEC is to determine the general policies and principles according to which Japan is to carry out its obligations under the Terms of Surrender, but that the Supreme Commander is to bear continuing, direct responsibility, guided by directives of the FEC in all matters on which such directives have been issued to him, for the effectuation by Japan of the Terms of Surrender, with all that that responsibility entails for the supervision of Japanese political, economic and social affairs and the advancement of Allied interests and purposes in Japan generally. It would be manifestly undesirable and impracticable for an eleven-nation body in Washington to attempt to do more than set the broad framework within which the Japanese occupation should proceed, and, conversely, it is necessary that the Supreme Commander should have broad discretionary powers to take action with regard to problems arising in Japan which must be promptly and decisively dealt with if the occupation purposes are to be successfully accomplished.

As the United States Representative on the Far Eastern Commission stated to the Commission on March 18, 1948, it is the view of this Government that the authority of the Supreme Commander is derived from several sources:

- (1) The directives of the United States Government issued before the establishment of the Far Eastern Commission;
- (2) The policy decisions of the Far Eastern Commission;
- (3) The interim directives issued by the United States Government in accordance with the Terms of Reference; and



(4) The general authority of the Supreme Commander as "the sole executive authority for the Allied Powers in Japan".

As the United States Representative also indicated, it is the view of this Government that the Supreme Commander's status as "the sole executive authority for the Allied Powers in Japan" empowers him, pending a policy decision of the FEC, to take action in many instances when the administrative necessities of the occupation require it, although he has received no controlling directive expressing a policy decision. The Supreme Commander is not only within his rights in taking action in such circumstances, but it is incumbent on him as Supreme Commander for the Allied Powers to do so.

Turning, in the light of these considerations, to the specific matters referred to in the Embassy's *aide-mémoire*, the Department of State desires to comment as follows:

#### *Japanese Whaling*

The views of the United States Government on this question have been conveyed in a separate communication<sup>3</sup> responding to the Embassy's other *aide-mémoire* of May 4, 1948, dealing specifically with this matter.

#### *The Supreme Commander's Press Release of March 31*

It is assumed from the Australian Ambassador's remarks before the Far Eastern Commission on April 15 that the Embassy has reference to the Supreme Commander's statement that

"... we should while progress toward the restoration of formal peace is stalemated, unilaterally or with other Allied Governments similarly inclined, release, as far as possible, existing restrictions upon trade and commerce and restore to the normal limits of diplomatic privilege the right to the Japanese citizenry to journey abroad and mingle with that of other lands ...".<sup>4</sup>

It should be pointed out that this release, which was originally a message from the Supreme Commander to the Secretary of the Army and which has never been released in Washington as a statement of United States policy, was for use in the presentation by the Army Department of its budgetary requirements for Japan and the Ryukyus for the fiscal year 1949. As the Australian Government is aware, the United States Government is in a unique position in the matter of the revival of Japanese trade, since the entire burden of Japan's support unobtainable from the proceeds of trade is borne by the American people. The Department of State is confident that it is not the view of the Supreme Commander, as it is not the view of the United States

<sup>3</sup> June 8, p. 810.

<sup>4</sup> Omissions as indicated in original.

Government, that the FEC should be deprived of opportunity to exercise its proper functions and responsibilities respecting the occupation of Japan as defined in its terms of reference, or that the United States Government or the Supreme Commander should take actions contrary to the provisions of the Moscow Agreement. What the Supreme Commander doubtless did have in mind was the continued failure of the FEC to adopt a policy decision governing the travel of Japanese commercial representatives abroad, of vital importance for the restoration of Japanese trade, and the possible necessity, if FEC action to remove this restriction was not soon forthcoming, of his acting on his own authority to permit such travel, a possibility of which the FEC had already been formally advised.

### *Japanese Coastal Patrol*

The position of the United States Government on this question, which compels it to reject the Australian Government's contention that the Supreme Commander acted without due regard for the authority of the Far Eastern Commission, has been made clear by the United States Representative on the Far Eastern Commission. The United States Representative has pointed out, on instructions from his Government, that careful examination of the text of the Japanese Maritime Safety Authorities Law reveals no provisions in the Law in conflict with any policy decision of the Far Eastern Commission; that the Law meets a direct and manifest need in Japan; and that a coastal patrol constitutes a logical and proper extension of the authority of the Japanese civil police to coastal law enforcement functions.

### *Travel of Japanese Abroad*

The Department of State is compelled also to reject the suggestion that the United States Government or the Supreme Commander has acted without due regard for the authority of the FEC on the question of the travel of Japanese abroad. As the Australian Government is aware, the United States Government as early as June 26, 1947, presented a draft policy paper to the FEC on the subject of the Interchange of Persons between Japan and Other Countries. On March 12, 1948, the United States Member of Committee 4 of the FEC stated to the Committee that the Supreme Commander had informed the United States Government that because of the long delay by the FEC in reaching a decision on this paper, and because of repeated requests of certain countries for visits by Japanese nationals, he might find it desirable to conclude bilateral arrangements with interested countries for Japanese nationals to travel abroad for cultural purposes where such travel would further the objectives of the occupation. It was stated that SCAP had further informed the United States Govern-

ment of his view, in which the United States Government concurred, that further delay in permitting Japanese nationals to go abroad for cultural purposes would militate against the continued progress of the Japanese reorientation program. The United States Member of the Steering Committee had previously informed that Committee on January 13, 1948, that it was the view of the United States Government that SCAP had ample authority to take the proposed action. On February 5, 1948 the United States Member of Committee 2 urged speedy consideration of a policy proposal before the Committee concerning travel outside Japan of Japanese commercial representatives, and stated that until such a policy was adopted SCAP might find it necessary to negotiate bilateral travel arrangements under his general authority as described by the United States Member of the Steering Committee on January 13. The Australian Government has, therefore, been fully apprised of the United States position on this matter, namely, that the Supreme Commander has both the right and duty, under previous broad policy decisions of the FEC, and in light of the administrative necessities of the occupation, pending a policy decision of the FEC, to permit Japanese to travel to countries desirous of receiving them for cultural or commercial purposes.

Regarding the second point raised in the Embassy's *aide-mémoire* on this subject, the fact that the United States submitted three proposals in the matter to the FEC is in no sense grounds for assumption that the United States considered that the matter was one requiring FEC approval before Japanese could be permitted to go abroad. These proposals were submitted because of the United States Government's and the Supreme Commander's desire to work with and through the Far Eastern Commission. Submission of the proposals to the FEC was not inconsistent with the United States' view that under previous broad policy decisions of the FEC, and in light of the administrative necessities of the occupation, SCAP had full authority as "the sole executive authority for the Allied Powers in Japan" to act pending adoption by the FEC of these or similar proposals.

As regards the Australian Government's third point repeating its position maintained in the FEC that the travel of Japanese nationals abroad should in each case receive the approval of the Far Eastern Commission, the United States Government considers this proposal an invasion of the administrative responsibilities of SCAP and likely so to obstruct and retard the carrying out of the exchange program as greatly to reduce the benefits which may otherwise be expected to flow from it. In view of the special interest of the Australian and other Governments in this matter, the United States Government



has already instituted appropriate procedures for keeping the Governments of the nations represented on the FEC adequately informed regarding the travel of Japanese abroad.

### *Japanese Fishing*

The United States position on this issue has been made clear in the FEC and need not be repeated here. In its original directive to the Supreme Commander on the subject, before the establishment of the FEC, the United States took the position that the Japanese should not be permitted to fish near the coasts of any Allied country without that country's consent. The same provision is contained in the fishing paper introduced informally into the FEC by the United States some time ago and now under discussion there. The United States Government cannot, however, accept the Australian proposal that FEC approval, in addition to the approval of the country or countries particularly concerned, be required for every extension of the authorized fishing area. The United States is currently bearing the full burden of expenditures for the Japanese food deficit, which could be materially reduced by enlargement of the Japanese fishing catch. The United States does not consider it necessary or practicable to make the question of the extension of the fishing area, in cases where such an extension is acceptable to the Supreme Commander and to the country near whose shores the extension is to be made, a matter of decision by the Far Eastern Commission.

In respect to the second point raised in the Embassy's *aide-mémoire* on this subject, it will be recalled that it was the Australian Government which originally proposed that the scope of the fishing paper be extended to include pearl fishing. As far as is known to the United States Government in Washington, the Japanese are not now conducting any pearl fishing operations outside of Japanese waters, all fishing vessels and other facilities being reserved for the acquisition of food products. The United States Government can perceive no adequate reason, however, why the Japanese should not be permitted to pearl fish outside Japanese waters in the area permitted for the catching of food fish.

Regarding the reported presence of Japanese fishing expeditions near the Australian mandated territory, and the discovery of one vessel south of the authorized fishing area, the Australian Government may be assured that Japanese fishing vessels going outside of the permitted fishing area are severely dealt with. The Australian Government has already been informed by the Supreme Commander through its Mission in Tokyo that disciplinary action has been taken by the Japanese Government against the captain of the offending vessel and that the vessel's license has been revoked.

As regards reports that the Japanese may be permitted to fish in the vicinity of the former Japanese Mandated Islands, the fishing area delineated in the draft policy paper now before the FEC specifically includes the Trust Territory of the Pacific. The Government of the United States is fully mindful of its own responsibilities with regard to the security of the Pacific areas, but considers that as the administering authority for the Trust Territory it is in a position to determine whether the presence of Japanese fishing vessels in the area is undesirable for security reasons.

#### *Importation of Bauxite*

The Department of State desires to point out in connection with the points raised in the Embassy's *aide-mémoire* on this subject that, although the Far Eastern Commission's policy decision on Interim Reparations Removals from the Japanese light metals industry permits the removal of all primary aluminum production capacity, this decision relates purely to the availability of aluminum production capacity for reparations, and it is wholly in accord with existing directives that the Supreme Commander should now be allowing certain of these facilities to be operated for the purposes of the occupation.

The unique position of the United States in the matter of Japanese economic revival, due to the burden of Japan's support on the American taxpayer, and the Supreme Commander's responsibilities in this field, have already been mentioned. In the case of the Japanese aluminum industry the broad purposes of the occupation, dependent on a revival of Japanese productive activity, the interests of the American taxpayer, and alleviation of the present acute world shortage of aluminum products all dictate the necessity of utilizing idle aluminum capacity in Japan pending final decision regarding its removal for reparations. It is anticipated that approximately half of the aluminum produced from the imported bauxite will be exported in response to specific requests which have been received from several western nations, thus helping to meet their requirements and to provide needed foreign exchange for the purchase of essential imports for Japan. Technological developments of recent years make it clear that aluminum is destined to play an increasingly vital role in the peacetime economies of modern industrial nations.

In conclusion, the Government of the United States hopes that the Australian Government will, in the light of the considerations set forth in this reply, be able to move with the United States toward solution of the problems discussed herein in the manner which this Government has outlined, which it firmly believes is in accord with the Moscow Agreement and conducive to the success of the occupation in which both Australia and the United States are so greatly interested.

WASHINGTON, June 12, 1948.

711.94/9-1648 : Telegram

*General of the Army Douglas MacArthur to the Under Secretary of the Army (Draper)*<sup>1</sup>

TOP SECRET      PRIORITY

TOKYO, June 12, 1948.

C 61433. Reurad W 83364 and W 83408.<sup>2</sup>

*Section 1. The peace treaty.*

1. No comment.
2. No comment.

*Section 2. Security matters.*

1. These measures are in full force and effect at the present time and have guided the occupation from its inception. My views as to the dangerously low level of force now available are on file with the Department of the Army. Any inference which might be drawn from this paragraph that our forces can be safely reduced is entirely unrealistic and fallacious.

2. No comment.

3. The Ryukyu Islands. There is no more important step in the development of a western Pacific defensive frontier for the protection of the United States than is embodied in this proposed policy provision. The delay which heretofore has retarded the firm American resolution of this matter should give way at once to the positive statement of policy so excellently expressed in this provision and the vigorous implementation thereof.

4. No comment.

5. The Japanese police establishment. The present modest police force designed to meet the minimum requirements in the preservation of internal peace and order and enforcement of Japanese law has already been severely criticized by other allied governments both in the Allied Council and the Far Eastern Commission. Any further expansion of this force can be expected to have very explosive international reactions and expansion clearly beyond actual police necessity would be most difficult to defend without Far Eastern Commission concurrence.

*Section 3. The regime of control.*

1. The general concept of leaving to the Japanese people a maximum of freedom in the administration of the internal affairs of their government has long guided the occupation. Many of the major measures taken in the reformation of the political economic and social structure of Japan to conform to allied objectives have been taken without direct compulsion and with increasing evidence of Japanese initiative and

<sup>1</sup> Received by the Department from the Department of the Army.

<sup>2</sup> Neither printed; they concerned PPS/28/2, May 26 (NSC 13, June 2).



resourcefulness, and steady strides are being made toward the ultimate pre-treaty objective stated in this provision. It must be borne in mind, however, that so long as the American people continue to bear the burden of covering the Japanese indigenous food deficit and the partial rehabilitation of its economy, a continuing responsibility will devolve upon the occupation to insure by vigilant inspection and observation at all levels of governmental and private activity that every practical effort is made by the Japanese themselves to minimize that burden. This demands at least the minimum of requisite personnel.

2 and 3. The Far Eastern Commission and Allied Council for Japan. While perhaps impossible of realization, I believe that the policy herein proposed should be a preliminary step toward the complete elimination of these two agencies from the control of Japan. They were created to cover a period now completed, under present conditions have outlived their usefulness, and are clearly outmoded. The surrender terms conforming to the Potsdam Declaration have been substantially implemented and the policy making functions of the Far Eastern Commission have in effect been substantially carried out. This was the mission of the commission and its continued existence now actually hampers the accepted processes of diplomatic coordination. Such matters as reparations, level of industrial output, etc. have been hopelessly bogged down in international disagreement and the commission's existence merely handicaps the normal diplomatic efforts of solution. The Allied Council for Japan, never a constructive agency in the occupation, has now, in the light of an operating Japanese Government, become so unrealistic that it rarely carries a single item of business on the agenda of its meetings.

#### *Section 4. Occupational policy.*

2. The requirement "after consultation with the United States Government whenever the exigencies of the situation so permit" would so hamper the Supreme Commander as to render impossible the orderly and effective exercise of his executive authority. Furthermore, despite existing policy which already confines to a minimum compulsion upon the Japanese Government in its enforcement of basic reforms required under the surrender terms, the details involved in the execution of his mission should properly continue to lie within the sound discretion of the Supreme Commander.

3. The administration of the purge program has now been completed, except insofar as concerns the screening of future applicants for public service and direct action where material falsehood, concealment or fraud has been disclosed. The purge policy is drawn from the first condition of the Potsdam Declaration which reads as follows: "There must be eliminated for all time the authority and influence of

those who have deceived and misled the people of Japan into embarking on world conquest . . .". This condition was among those accepted by the Japanese in the terms of surrender. It was first translated into the basic directive from the United States Government to the Supreme Commander (JCS 1380/15)<sup>3</sup> and thereafter on 19 June 1947 confirmed by the Far Eastern Commission as part of the allied post-surrender policy for Japan.<sup>4</sup> The directives issued by the Supreme Commander in implementation of that policy (SCAP ins 548 and 550 of January 4, 1946)<sup>5</sup> were as mild as action of this sort conceivably could be. Punitive action required by the American and allied policy directives was never resorted to, all implementing action having for its sole purpose a shift in the leadership of Japanese political, economic and social life. Such implementing action has been a responsibility of the Japanese Government, under careful SCAP observation, and has been inherently just throughout. The Supreme Commander, as a matter of fact, has been bitterly attacked by Russia, China, the Philippines, Australia, New Zealand, and in sections of the American and British press for the excessive mildness in the administration of the purge program. The directive of the Far Eastern Commission is explicit in this matter and I question the authenticity of SCAP action in positive derogation thereof until the commission has altered its directive accordingly.

4. Occupation costs. A complete misconception exists concerning the nature and extent of the occupation burden upon the Japanese economy. Detailed explanatory reports have been made to Department of the Army representatives, demonstrating that the occupation costs have largely been confined to the category of a public works program under which little of resource is permanently removed from the Japanese economy. Such facilities as have been constructed to house the garrison are greatly inferior to those made available in the Zone of the Interior and upon termination of the occupation will revert to the Japanese as much needed additional housing units. Furthermore, those who have criticized this phase of the occupation, from ignorance or bias, have greatly exaggerated conditions actually existing, and the implication that an unnecessary burden has been placed upon the Japanese economy is entirely fallacious and devoid of factual basis.

The program of construction of necessary operational facilities and housing essential for maintenance of the forces is practically finished. In the field of supply, labor and service, procurement is restricted to minimum essentials with controls as closely parallel as practicable to

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<sup>3</sup> November 3, 1945, *Political Reorientation of Japan*, p. 428.

<sup>4</sup> *Activities of the Far Eastern Commission*, 1st report, p. 49.

<sup>5</sup> *Political Reorientation of Japan*, pp 479, 482.

those employed in the ZI for similar requirements, with constantly increasing application of restriction and control being applied.

5. Economic recovery. No comment.

7. Property matters. This problem is an enormously complicated one which is almost insoluble with the limited personnel available. Everything possible is being done in this respect with present forces. The final disposal of property of UN members and their nationals will involve the release of such property now utilized by occupation forces. Positive and continuing measures are in effect to reduce such use to the absolute minimum and to accomplish releases as rapidly as possible. Present estimates are that the residual requirements for use of such properties by occupation forces as of 1 July 1949 will not be substantial.

8, A, B and C. No comment.

8, D. The Japanese Government is not now and never has been restricted in the proportion of the budget it may allocate to educational purposes. The only requirement of the Supreme Commander therein has been that provision be made for the revenue to cover this as well as any other item of governmental disbursement. This matter was thoroughly discussed in my recent message C 60956 dated 26 May 1948.<sup>6</sup>

9. War crimes trials. The conclusion of the trial of the war crimes "A" suspects must await the judgment of the international court which has been hearing the cases. It is impossible to bring pressure upon the court for greater expedition in this matter. Action with respect to class "B" and "C" suspects is now being expedited as much as is possible.

10. No comment.

#### *Section 5. State Department representation.*

An independent State Department representative reporting directly to Washington would introduce into Japan a divided command responsibility. This would not only vitiate the firmly established principle limiting the executive and administrative authority to the Supreme Commander—a status which repeatedly and successfully has been used to prevent interference by other powers in the executive administration of Japan—but could only result in friction and unsettlement of the coordinated balance heretofore existing between the several executive departments in the orientation of American policy. The inference that the proposal finds justification in the fact that other nations have ambassadors assigned to Tokyo is misleading. Other nations merely have missions assigned here, the heads of which in some cases, as was the case of the American Mr. George Atcheson, have been given the personal rank of ambassador. They do not, however, exercise

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<sup>6</sup> Not found in Department files.



any of the normal ambassadorial functions nor deal directly with officials of the Japanese Government. The proposal that a United States ambassador be assigned here to act directly under the State Department and yet work with SCAP in a secondary capacity would in my opinion do much to undermine that efficiency in operation which heretofore has resulted from application of the principle of unity of command. The Japanese would play the ambassador against the Supreme Commander, and vice versa, until the present orderly administration yielded to disorder and intrigue. The present organizational setup integrating the office of the political advisor among the other sections of general headquarters has functioned admirably. No change therein should be effected until a treaty of peace has restored to the Japanese Government normal diplomatic relations with the chancelleries of the world.

[MACARTHUR]

740.00119 FEAC/5-2548

*The Secretary of State to the New Zealand Minister (Berendsen)*

The Secretary of State presents his compliments to the Honorable the Minister of New Zealand and has the honor to acknowledge his notes of May 19 and May 25, 1948<sup>1</sup> regarding the application of Burma for admission to the Far Eastern Commission.

The Minister of New Zealand is informed that the United States Member in the Far Eastern Commission has been authorized to bring the requests of both Pakistan and Burma to the attention of the Commission and if the procedure should prove agreeable to the member governments of the Commission, to request the members to obtain the views of their respective governments upon the substantive questions of the admission of Pakistan and Burma to the Far Eastern Commission, and thereupon to utilize the machinery of the Commission as a means of polling the member governments, the representatives on the Commission voting in such case as representatives of their governments rather than as members of the Commission.

Should this procedure prove unacceptable to the member governments of the Far Eastern Commission, the Department is prepared to give its full consideration to any proposed procedure which is generally acceptable to the other member governments of the Far Eastern Commission.<sup>2</sup>

WASHINGTON, June 21, 1948.

<sup>1</sup> Neither printed.

<sup>2</sup> On July 21 General McCoy was informed of the Department's views in regard to having the various governments deposit with the FEC their approval of the admission of Burma and Pakistan. Soviet failure to respond to an earlier American proposal was cited. (740.00119 FEAC/7-2148)

740.00119 Control (Japan)/6-2348

*Mr. Frank G. Wisner, Deputy to the Assistant Secretary of State for Occupied Areas (Saltzman), to the Under Secretary of the Army (Draper)*

CONFIDENTIAL

WASHINGTON, June 23, 1948.

DEAR MR. DRAPER: The policy paper on Japan<sup>1</sup> which has been discussed by our two Departments and is now before the National Security Council states in the paragraph on the Far Eastern Commission that the "U.S. Government should seek to establish as promptly as possible firm U.S. positions and then adopt an aggressive and positive attitude . . .".<sup>2</sup> Secretary Marshall has personally requested that some cure be found for present organizational ineffectiveness in the U.S. Government which has delayed the determination of U.S. positions on matters before the FEC. Consistent with this request and the provision quoted above, the Department of State is establishing administrative arrangements to give priority to consideration of matters before the FEC or under consideration for reference to the FEC. It would be appreciated if the Department of the Army could also make arrangements to give the most urgent handling to such matters in order that Governmental positions may be arrived at promptly and the intention of the policy provision be fulfilled. Mr. Claxton of this office has been designated to coordinate all governmental instructions to the FEC and it would be helpful if Army Department representatives assigned responsibility for coordinating such matters could communicate directly with him. If you will let me know whom you have designated for such purpose, Mr. Claxton will be responsible for consulting with them on FEC matters.

Since many instructions to the FEC are cleared with SCAP it is believed to be important that SCAP be informed of the efforts being made here to give FEC matters rapid handling and requested to give those questions referred to him appropriate priority. A draft cable to this effect is enclosed for your consideration and transmission to SCAP.<sup>3</sup>

You will recall that the U.S. representative on the FEC, General McCoy, was requested to defer action in the Commission on certain important papers then before the Commission pending Mr. Kennan's return from his conversations with General MacArthur and analysis of his report. A list of these papers is attached.<sup>3</sup> General McCoy and his staff have deferred action on each of these papers as instructed. As you are aware, however, the other members of the FEC have become increasingly restive because of the inability of the U.S. representative

<sup>1</sup> May 26, p. 775.

<sup>2</sup> Omission as indicated in original.

<sup>3</sup> Not attached to file copy.

to take positions on matters of interest to them. For this reason it is imperative that the Government give General McCoy instructions on these papers as soon as possible.

It is the view of the Department of State that the consultations between the two Departments on the U.S. policy toward Japan, which has now been submitted to the National Security Council, have outlined our policy position with sufficient clarity that it should be possible to go ahead with action on these papers. Therefore, as a first step toward fulfilling the policy provision referred to above, the Department of State is reviewing the U.S. position on each of the papers in the light of the general policy proposed to the NSC. It would be appreciated if the Department of the Army could also review these papers as a matter of priority in order that the earliest possible instructions may be given to General McCoy on the individual items.

Sincerely yours,

FRANK G. WISNER

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740.00119 Control (Japan)/6-2648

*The Acting Political Adviser in Japan (Sebald) to the Chief of the Division of Northeast Asian Affairs (Allison)*

SECRET      PERSONAL

TOKYO, June 26, 1948.

DEAR JOHN: As you are no doubt aware, the Allied Council for Japan appears to be slowly dying from inanition. From the forty-seventh meeting, held on December 10, 1947, until the sixty-second meeting on June 23, 1948, three subjects have been placed on the Agenda, two by the Soviet Member and one by the British Commonwealth Member. Of the former, the discussion was limited in scope and, in fact, amounted more to a procedural squabble than to anything of a constructive nature. In summary, we have now had thirteen meetings (of the past sixteen) in which there was no item on the Agenda, and the meetings have variously lasted from nineteen seconds to less than one minute.

In view of General MacArthur's attitude concerning our placing of items on the Agenda, it is, of course, impossible for me to evoke any discussion, and I am more or less at the mercy of the other Members' subjects, should they place an item on the Agenda. In this connection, I might say that neither the British Commonwealth Member nor the Chinese Member are interested in placing any subject on the Agenda and will not do so unless they receive direct instructions from their respective Governments. The Soviet Member, on the other hand, is unpredictable and I am unable to anticipate when or what subject he might place on the Agenda.

While I assume, in the absence of instructions from the Department, that there is no objection to the course of action which is being



followed by me as American Member, I realize that the "no discussion" tactics might well backfire, should the Soviet Member be building up a case to criticize General MacArthur, and inferentially the United States, for failure to utilize the Council for consultation and advice in so far as the Occupation is concerned. Conceivably, they might use the record of the past six months as ammunition, either in Japan or elsewhere, to "prove" failure by the United States to act in concert with other Powers, including Soviet Russia. Soviet ingenuity can, of course, find many ways to blame us for the passivity of the Allied Council for Japan, and perhaps use this argument to justify action elsewhere.

I feel certain that General MacArthur would be very loathe to revive the usefulness of the Council. It has always been a thorn in the side of SCAP, and other than acting as a sounding-board for national interests (in which we are probably ahead of the game), I doubt that the Council has accomplished much of a constructive nature in the Occupation of Japan. I am, of course, willing to accept the thesis that nothing can be done about changing the terms of reference of the Council, i.e., to abolish it, under present circumstances; but I hope that the Department is fully aware that we have in Tokyo a moribund body, international in structure, which meets in *pro forma* fashion every fortnight and accomplishes nothing.

I have thought long and earnestly regarding some solution to this dilemma, but have come to the conclusion that the problem is incapable of solution if the Council cannot be abolished. I shall, of course, continue to do what I can to protect American viewpoints and policy against occasional charges that are made in the Council, especially by the Soviet Member. The role which I play, however, is of necessity defensive in character. This makes the maintenance of the initiative most difficult.

Any comments or suggestions which you might have would be very helpful.

Sincerely yours,

W. J. SEBALD

894.628/7-248

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

[Extracts]

SECRET  
No. 406

Tokyo, July 2, 1948.  
[Received July 14.]

SIR: I have the honor to refer to this Mission's despatch No. 140 of March 2, 1948<sup>1</sup> and to enclose<sup>2</sup> five copies of a directive from this

<sup>1</sup> Not printed.

<sup>2</sup> Enclosures not printed.

Headquarters to the Japanese Government (Scapin 1913 of June 21, 1948) authorizing Japanese whaling operations in the Antarctic for the 1948-1949 season. This directive, which has been issued to the Japanese Government and thereby made public, authorizes an expedition consisting of two fleets and in other respects is substantially similar to the authorization given the Japanese Government for the 1947-1948 Antarctic whaling expedition (Scapin 1737 of June 21, 1947).<sup>3</sup>

The plan for the organization and operation of the Japanese Antarctic whaling expedition for the 1948-1949 season will be forwarded when received.<sup>4</sup>

Respectfully yours,

W. J. SEBALD

<sup>3</sup> See SCAP press release of June 22, 1947, *Foreign Relations*, 1947, vol. VI, p. 235.

<sup>4</sup> The plan was submitted in despatch 455, July 21, from Tokyo, not printed; Mr. Sebald pointed out that Japanese operations would not be permitted near Australia or New Zealand.

740.00119 Control (Japan)/5-748

*The Secretary of State to the Australian Ambassador (Makin)*

CONFIDENTIAL

WASHINGTON, July 8, 1948.

EXCELLENCY: I have the honor to acknowledge the receipt of your note No. 171/48 of May 7, 1948<sup>1</sup> regarding the proposal of the Australian Government to reduce the Australian contingent of the British Commonwealth Occupation Forces in Japan to one army battalion and one air force squadron with the necessary administrative units for their maintenance of an approximate overall strength of 2,750.

The Government of the United States notes that the proposed reduction of the Australian contingent would leave a token British Commonwealth Force which would be inadequate for the occupation of the British Commonwealth Occupation Force Area. This area comprises 20,000 square miles and contains a Japanese population of over 10,000,000 persons. The proposed reduction would necessitate redeployment of United States forces now in Japan.

It is appreciated that the MacArthur-Northcott Agreement<sup>2</sup> provides that the British Commonwealth Occupation Force may be withdrawn, wholly or in part, upon agreement between the United States and Australian Governments or upon six months' notice by either party. However, in view of the fact that the United States is unable to provide additional troops to the Supreme Commander for the Allied

<sup>1</sup> Not printed.

<sup>2</sup> January 30, 1946, *Political Reorientation of Japan*, p. 440.

Powers in Japan to take over the occupation of the British Commonwealth Occupation Area, it is requested that the Australian Government give favorable consideration to maintaining in Japan a British Commonwealth Force equivalent to one United States Infantry Division (less one Regimental Combat Team) plus necessary service troops, at least until such time as it may be determined that a substantial reduction may be made in the occupation forces.

Accept [etc.]

For the Secretary of State:

CHARLES E. SALTZMAN

740.00119 Control (Japan)/7-1348: Telegram

*The Secretary of State to the Acting Political Adviser in Japan  
(Sebald)*

CONFIDENTIAL

WASHINGTON, July 13, 1948—7 p. m.

255. At meeting Steering Committee July 6, re SC 309, Travel of Japanese Abroad, Australian Member stated that his Govt considering suggestion that objectives of paper might be achieved through working out of informal arrangements with SCAP. He thought it preferable that his paper be retained on agenda and considered along with SC 293/6, Travel Outside Japan of Japanese Commercial Representatives—also on agenda of Steering Committee. Re SC 293/6 positions of Australia, China and Phils reserved and USSR has proposed certain amendments.

Re SC 273/14, Conduct of Trade with Japan, US position was still reserved on para seven. However, on July 7, US circulated substitute paper, SC 273/15.<sup>1</sup>

At FEC meeting July 8, US Member requested that in view of circulation of US position on SC 273/14, FEC 304/16, Port and Service Charges on Foreign Vessels in Japan, be retained on agenda.

Re inquiry of Chinese Member on source and substance of articles appearing in Jap newspapers regarding deliberations in FEC on program for replacement of lost cultural objects, US Member stated <sup>2</sup> that it was view of US Govt that it would be improper for SCAP, US Govt, or FEC to take special cognizance of the appearance of any of these articles in press. He referred to fact that articles in Jap newspapers have been published under a Washington dateline and read text of articles which had been transmitted by SCAP. The Chinese

<sup>1</sup> On July 12 General McCoy was informed by the Department that this paper represented the U.S. position which he was authorized to present and press for adoption by the FEC (694.0031/7-1248).

<sup>2</sup> For text of statement, see p. 982.



Member was of view that so long as wrong impression had been created it was only fair to take steps with a view to correcting it. He requested that item be retained on agenda.

In course of FEC consideration of Steering Committee action in tabling official English text of Maritime Safety Authority Law, USSR Member introduced proposal that:

"The Far Eastern Commission notes that the question of the establishment of a maritime police in Japan has been decided by the Headquarters of the Supreme Commander without prior consideration of this question by the Far Eastern Commission".

FEC approved action of Steering Committee by vote of 9 in favor; 1 opposed (USSR); and 1 abstention (France). In agreeing to proposal various members made statements relative to various aspects of subject. French representative made following statement:

"It is the opinion of the French Delegation that the usual internationally recognized procedure for visiting a vessel in territorial waters cannot be carried out in Japanese territorial waters, under the present circumstances of the occupation of Japan, under any other jurisdiction than that of SCAP, the latter acting in behalf of the Allied Powers. It is therefore to be expected that for the moment, the French Government would not recognize to any Japanese authority the right to stop and search a vessel of French registry in Japanese territorial waters".

Chinese Member reserved right to make statement on same subject on receiving instructions from his Govt. He added that his approval of Steering Committee action did not imply approval of substance of law. Indian and Australian Members referred to statements made in Steering Committee on June 29 (Deptel 243<sup>3</sup>) in abstaining on USSR proposal.

USSR Member objected to Chairman's ruling that since motion was procedural, it was carried. Inconclusive discussion followed on method of voting on procedural questions with USSR insisting on concurrence of US, UK, USSR and China on all questions, while other members appeared to favor more liberal method of voting on procedural questions.

USSR Member insisted that vote be taken on his proposal which was defeated by vote of 2 (US and Netherlands) to 1 (USSR) with 8 abstentions. The USSR Member thereupon read substance of his proposal into minutes as view of Soviet Delegation.

MARSHALL

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<sup>3</sup> July 2, not printed.

740.00119 Control (Japan)/7-1648

*The Acting Political Adviser in Japan (Sebald) to the Secretary  
of State*

No. 447

Tokyo, July 16, 1948.  
[Received July 26.]

SIR: I have the honor to enclose <sup>1</sup> five copies of a general order issued by General Headquarters, Far East Command, to subordinate commands (General Order No. 18, July 9, 1948) establishing a separate military command as of August 1, 1948 for the Ryukyu Islands south of thirty degree north latitude. This command, which was formerly a part of the Philippine-Ryukyu Command, is designated RyCom, while the Philippine Command is designated PhilCom.

Also enclosed is a copy of a press release, dated July 14, 1948, issued by the Public Information Office of this Headquarters, stating that this change in command structure is the result of a changed logistic situation; the close logistic connection between the Philippines and the Ryukyus during the period of disposal of surplus war materials has now ended. The press release emphasizes the point that the special status of the Ryukyu Islands as occupied territory makes it desirable to establish a separate command there.

It is hoped that this change, by conferring more authority upon the military forces in the Ryukyu Islands and by placing them directly under the Commander in Chief, Far East Command,<sup>2</sup> will facilitate solution of the complex strategic and economic problems of the Ryukyu Islands.

Respectfully yours,

W. J. SEBALD

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<sup>1</sup> Enclosures not printed.

<sup>2</sup> General of the Army Douglas MacArthur.

740.00116 PW/4-2948

*Note by the Secretary General of the Far Eastern Commission  
(Johnson)*

RESTRICTED  
C5-006/17

[WASHINGTON,] 19 July 1948.

INFORMATION REGARDING THE RELEASE OF CLASS "A" WAR CRIMES  
SUSPECTS IN JAPAN, SUBMITTED BY MR. JOSEPH B. KEENAN

1. The enclosure, a letter relative to the release of Class "A" war crimes suspects, has been prepared by Mr. Joseph B. Keenan, Chief of the International Prosecution Section, International Military Tribu-

nal for the Far East. The enclosure is circulated herewith by the Secretariat for the information of *Committee No. 5: War Criminals*.

2. The enclosure has been prepared by Mr. Keenan in response to three queries raised at the 9th Meeting of Committee No. 5: War Criminals, on 31 March 1948 and in response to a further question raised by the Soviet Member of the Steering Committee at its 103rd Meeting on 4 May 1948.

NELSON T. JOHNSON

[Enclosure]

*Mr. Joseph B. Keenan to the Secretary General of the Far Eastern Commission (Johnson)*

RESTRICTED

WASHINGTON, July 16, 1948.

MY DEAR MR. SECRETARY: Inquiries have been made concerning the release of certain Class A suspects in Japan.

These inquiries, as I understand, were four in number:

- (a) Why were Class A suspects released in August of 1947 and February 1948?
- (b) What inter-Allied consultations, if any, took place prior to the release of these suspects?
- (c) What further trial, if any, is contemplated for these released suspects?
- (d) What were the original charges filed against the suspects released in August 1947 and February 1948?

The Class A suspects included, of course, 27 of the 28 defendants indicted and put on trial before the International Military Tribunal for the Far East. Admiral Nagano, now deceased, was selected as one of the accused, although he was not one of the suspects originally.

The Investigating Division of the International Prosecution Section of SCAP undertook the task of unearthing such evidence as might be available against all of these suspects. Since this Investigating Division was not instituted until the early part of 1946, and since there were many duties to be performed in preparing the necessary data for the trial of the 28 indicted, there was some delay required in completing the investigations of the suspects already in custody. By August of 1947 the Investigating Division had completed all of the work with reference to some Class A suspects and had obtained all the information that they felt, in a practical sense, they would be so able to obtain. In those instances where the investigation was completed and where examination of the data available to the legal staff of the International Prosecution Section demonstrated that there was not sufficient evidence to justify prosecution, recommendations were made that these suspects



be released. Most of them were in Sugamo Prison. Some who were aged and infirm were under house arrest. They were released from prison because it was not compatible with the principles of justice to keep them for a prolonged period of time as suspects without specific charges being presented before some tribunal indicating the precise nature of their claimed guilty conduct. As a matter of fact, there was some criticism voiced by reason of the fact that they were held for a long period of time without formal specific charges by way of indictment being lodged against them. Exigencies of the moment, however, made it most impractical if not impossible to act upon their cases before the time that such action was taken in releasing them.

Those released were so released because in the judgment of the International Prosecution Section the interests of justice did not justify their being held in prison for a longer period. Of course, the fact that they were so released would not prevent any of them being accused and tried in any appropriate court at any later date, should any evidence appear subsequently to justify such action.

Answering interrogatory (b), the dossiers on these were forwarded to the War Crimes Office in Washington. There they were examined and certain recommendations were made, although prior and subsequent thereto, the data in the file of each suspect was examined by members of the legal staff of the International Prosecution Section. The cases were divided among the staff and assigned to individual members thereof for examination and recommendation. Among those examining such files were legal representatives of Allied Nations on the staff of the International Prosecution Section. In such instances, as lawyers and members of the International Prosecution Staff, these representatives of Allied Governments made their recommendations as to apparent guilt or innocence and ultimately whether or not the suspect should be released or held for trial on Class A charges. However, no one of the legal representatives of Allied Nations attempted to speak for his own Government. In such instances, reservations were made by Allied prosecutors in submitting their recommendations as to release, these reservations being that such Allied prosecutors were acting only as aids on the staff of the International Prosecution and not as representatives of their Government in determining its policy in the premises.

The decision on releasing the suspects was based solely on available data and the judgment of the lawyers as to whether or not there was evidence to conclude that the cases were susceptible of successful prosecution; in some instances it was felt that while there was slight

evidence of participation, such participation was of a minor nature, or after the declaration of war. Where the suspects fell in the latter category, it was felt that there was no warrant for prosecution. The ultimate responsibility for recommending their release was taken by myself as Chief of the International Prosecution Section in carrying out my duties as outlined in the Charter establishing the International Military Tribunal.

It was felt that it would be utterly impractical to submit all of the data contained in these files to the Governments of the 11 nations and await the delay that most surely would occur. Such procedure would have required a continuance of the imprisonment of the suspects without formal, specific charges being lodged before a proper tribunal, which was considered to be in gross violation of the existing rules of enforcement of criminal law among civilized nations. The decision to release, under the circumstances above outlined, was made in view of the fact that the release involved no adjudication of the issues and, as stated before, nothing would prevent subsequent prosecution if the facts and circumstances later were to so justify it.

With respect to (c), there is no further trial contemplated for these released suspects by the International Prosecution Section. There is no further trial contemplated for any of the suspects on charges of planning, negotiating and waging aggressive warfare in violation of treaties, assurances, or international law.

In view of the greatly prolonged proceedings before the present International Military Tribunal for the Far East, it will undoubtedly be well understood that no reasonable estimate of the time involved in such subsequent proceedings could be safely made.

In regard to (d)—reference to the original charges filed against the suspects—other than the fact that they were suspected of being violators of Class A crimes of planning, negotiating and waging aggressive wars, no further specifications were alleged against them. There were no formal charges made against them other than as suspects whose actions should be investigated and weighed in determining whether criminal proceedings should be instituted against them for such Class A offenses.

Most of these suspects were well along in years and although many of them had taken some part in the aggressive wars, or in some cases, propaganda, in no instance was evidence available to justify the conclusion that they should be indicted and brought to trial before the International Military Tribunal representative of all the nations.

Very truly yours,

JOSEPH B. KEENAN

S94.017/7-2448

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

No. 465

Tokyo, July 24, 1948.  
[Received August 2.]

The Acting Political Adviser has the honor to forward herewith five copies of a letter from General MacArthur to the Prime Minister dated July 22, 1948<sup>1</sup> concerning the National Public Service Law.<sup>2</sup> This letter was released by the Public Information Office, General Headquarters, Far East Command on July 23, 1948 on the request of the Prime Minister.

The letter was written to clarify General MacArthur's views regarding certain aspects of the National Public Service Law particularly with respect to employees in public service engaging in labor disputes. The letter specifically states that "no person holding a position by appointment or employment in the public service of Japan or in any instrumentality thereof should resort to strike or engage in delaying or other dispute tactics which tend to impair the efficiency of governmental operations."

General MacArthur states that he feels the National Public Service Law should be comprehensively revised immediately in order to bring it within the framework of the concept outlined in this letter. The National Public Service Law was not enacted at the last session of the Diet.

An extraordinary session of the Diet will be called to discuss measures for revision of the National Public Service Law in accordance with General MacArthur's letter.

Japanese reaction to the proposed revision of the National Public Service Law will be analyzed in a subsequent despatch.<sup>3</sup>

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<sup>1</sup> *Political Reorientation of Japan*, p. 581.

<sup>2</sup> Law 120, October 21, 1947, *ibid.*, p. 1022.

<sup>3</sup> Despatch 491, August 3, from Tokyo, reported that SCAP's recommendation was generally well received. Despatch 503, August 10, from Tokyo, reported the Japanese Cabinet order enforcing the law pending its revision. (S94.017/8-348, 8-1048)

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740.00119 Control (Japan)/7-2748: Telegram

*The Secretary of State to the Acting Political Adviser in Japan (Sebald)*

CONFIDENTIAL

WASHINGTON, July 27, 1948—3 p. m.

281. Re press articles on deliberations in FEC on program for replacement of lost cultural objects, Chairman of FEC on July 15 made following statement to press:



"A committee of the FEC is now considering the draft of a document regarding the replacement of cultural goods lost through Japanese acts of aggression. This draft is in a very early stage of discussion, most of the governments concerned have not yet stated their definite views, and it cannot yet be conjectured what decision the FEC shall finally take in this matter. All unauthorized statements in the press regarding this question at the present time are premature and should be disregarded."

At meeting of Steering Committee on July 20, no vote taken on SC-273/15, US substitute proposal on Conduct of Trade with Japan, in view of lack of instructions on part of Philippine and Australian members and USSR reservation on para 6 regarding port and service charges. Re SC 293/6, Travel Outside Japan of Japanese Commercial Representatives, Australian, Chinese and Philippine members still had no instructions on either paper or Soviet amendments. Re SC 309, Travel of Japanese Abroad, informal poll showed majority opposed to paper. Re UK statement on removal of aircraft and private munitions plants from Japan, Australian and Chinese members associated themselves with views of UK member.

At FEC meeting, July 22, Chinese member suggested that some numerical limitation be placed on Japanese traveling abroad under FEC 240/16, interchange of persons between Japan and other countries for cultural purposes.

The Netherlands and Chinese members expressed their appreciation for action taken by Chairman in making statement to press on consideration in FEC of document on replacement of lost cultural objects. Netherlands member expressed hope that SCAP would be informed of statement and that he would communicate it to Japanese press. USSR member criticized unilateral action of Chairman in by-passing Commission. Chairman took position that he was under general authorization by Commission to make such statements on his own responsibility.

At close of meeting US member referred to application of Pakistan and Burma for membership in the FEC and stated that he was now authorized by his Govt to recommend that the procedure earlier proposed by him be so modified as to provide that the views of each Govt be deposited with the Secretary General of the FEC either by its member on the Commission or by the head of its mission in Washington through normal diplomatic channels. Upon receipt of all the Governmental views the Secretary General would inform the Commission of the results and the Commission might then, if acceptance were unanimous, authorize the Chairman or Secretary General of the FEC to issue an invitation to the applicant country.

MARSHALL

740.00119 Control (Japan)/7-3148: Telegram

*The Secretary of State to the Acting Political Adviser in Japan  
(Sebald)*

CONFIDENTIAL

WASHINGTON, July 31, 1948—1 p. m.

286. At Steering Committee Jul 27, 1948, in spite of Chinese and Philippine reservations, SC 273/14, Conduct of Trade with Japan, discussed para by para. US amendments as set forth in SC 273/15 accepted with exception of para 1c and 7. Paper evolving from discussion was referred to *ad hoc* committee for further consideration where several compromise proposals were suggested.

Re FEC 011/46, Restitution of Looted Property, *ad hoc* subcommittee had recommended that subpara 2 of para 3 of FEC 011/46 be referred to Committee I for study with view to formulation of separate policy on subject therein and that subcommittee working paper contained in Enclosure "B" of FEC 011/48 which contains request for info on looted ships located outside Japan and implementation of para 3 of FEC 011/12 also be referred Committee I for info or consideration. It further recommended that FEC 011/46 without subpara 2 of para 3 be approved by Steering Committee and forwarded to Commission. With reference to para 14 of FEC 011/46 US member proposed that cut-off date for lodging of claims be amended to 4 months as interim directive of March 17, 1948, provided for 8-month cut-off date and, in view of facilities already made available by SCAP, it appeared advisable to limit period. Only UK member accepted US proposal while Chinese and USSR members opposed it and other members either had no instructions or thought period should be determined by countries principally concerned. US member withdrew amendment with reservation that US member would be free to introduce it at Commission level.

At meeting FEC, Jul 29, US member formally re-introduced above amendment to FEC 011/49, Restitution of Looted Property, which was lost by vote of 4 (China, Netherlands, USSR, Australia) to 2 (US, UK) with 5 abstentions. FEC 011/49 was approved by vote of 10 in favor with USSR abstaining. Chinese member stated he was with great reluctance approving paper because of importance his Delegation attached to subpara 2 of para 3, relating to salvage of ships in waters outside Japan. He referred to fact that this para and unofficial subcommittee working paper had been referred to Committee I and expressed the hope that the members would find a real solution for the question of ships sunk or damaged in non-Japanese waters.

US member made following statement: [Here follows text of statement by General McCoy on July 29, printed page 993.]

New Zealand member introduced following proposal with reference to trial of Japanese war criminals:

“The Far Eastern Commission decides as a matter of policy

“(a) that no further trials of Japanese war criminals should be initiated in respect of offences classified under Paragraph 1 (a) of the Policy Decision of the Far Eastern Commission entitled ‘Apprehension, Trial and Punishment of War Criminals in the Far East’, passed by the Commission on April 3, 1946. Persons suspected of offences under category (a) may, however, be tried for category (b) and (c) offences as defined in the above Policy, and

“(b) that no investigation in respect of offences classified under Paragraph 1 (b) and (c) of the Policy Decision referred to above should be proceeded with after 31 December and that all trials in connection with such offences should be completed by 30 June 1949.”

After adjournment of meeting members acting as representatives of their governments and not as members of Commission, discussed procedure for admission of Pakistan and Burma to FEC. USSR indicated they were not opposed to admission of Pakistan and Burma, but were not in full agreement with procedure proposed by US. USSR representative indicated that on receipt of instructions he would submit proposal on procedure.

MARSHALL

894.017/8-1348

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

[Extract]

CONFIDENTIAL

No. 514

TOKYO, August 13, 1948.

[Received September 1.]

SIR:

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#### SUMMARY

General MacArthur's letter recommending revision of the National Public Service Law has been interpreted by the Japanese Government as an order and a Cabinet Order issued.<sup>1</sup> In forthcoming revisions of the law, communications workers are not to be excepted from the regular civil service as are railway workers, because there are no privately owned communications facilities. It is planned to exempt diplomats and consuls from the provisions of the National Public Service Law.

<sup>1</sup> See despatch 465, July 24, from Tokyo, p. 834.



In contrast to the generally favorable reaction on the part of the Japanese public, government workers feel that this Headquarters has betrayed their interests and that under the revisions of the law they will not be able to negotiate on equal terms with the Government. The government workers have no confidence in the National Personnel Authority.

Lack of an official release concerning Mr. Killen's<sup>2</sup> resignation led to speculation that drastic changes are to be made in all labor legislation. Mr. Killen in a personal statement to the press and in a private conversation with the Acting Political Adviser stated that his resignation was not in protest against an anti-strike ban, but against the denial of all collective bargaining rights for government employees. He declared that the labor policies advocated by the Government Section of this Headquarters are ill-advised and will retard a healthy labor movement in Japan. The Government Section called Mr. Killen's position "pure nonsense" and claimed that General MacArthur had to act in order to prevent a paralyzing strike of government workers. The Government Section further contended that Mr. Killen had been given the fullest opportunity to explain his viewpoints.

Labor unions, many of which are communist dominated, oppose the Government's action in issuing a Cabinet Order as unconstitutional and undemocratic. Informed sources believe that the communists will resort to more direct methods of sabotage to impede rehabilitation.

On his own initiative, the Chairman of the All-Japan Communications Workers' Union,<sup>3</sup> accompanied by a prominent communist, arranged an interview with foreign press correspondents at which he stated that, in his belief, the workers will strike despite General MacArthur's order. He also questioned General MacArthur's authority for his letter to the Prime Minister.

General MacArthur's letter has given the Ashida Cabinet a new lease on life and will also allow time for leaders of the Democratic Party to strengthen their party. *End of summary.*

#### THIS MISSION'S COMMENT

This Mission believes that the Supreme Commander's letter is timely and will restore some sanity to the labor movement. It is to be regretted, however, as has been emphasized in editorials in the Japanese press (this Mission's despatch No. 491 of August 3),<sup>4</sup> that the Japanese Government could not have set its own house in order without intervention by the Occupation authorities. While the labor movement has

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<sup>2</sup> James S. Killen, Chief, Labor Division, Economic and Scientific Section, GHQ, SCAP, Tokyo, until August.

<sup>3</sup> Kazuyoshi Dobashi.

<sup>4</sup> See footnote 3, p. 834.

made great strides since the beginning of the Occupation, its leaders, many of whom are communists, have goaded the unions into committing excesses which are interfering with the rehabilitation of Japan and orderly progress in the labor movement. While it is true that the Japanese Government has been considering taking steps to curb these excesses, and would probably on its own initiative have eventually revised the National Public Service Law, the "labor offensive" scheduled to begin in August was to a considerable degree predicated on the anticipated activities of government workers' unions.

A large scale labor offensive, involving government workers, would have resulted in serious disruption of the Japanese economy and would have played directly into the hands of the communists. It is believed, therefore, that by banning further strike activity on the part of government workers, the Supreme Commander's letter greatly reduces the possible effectiveness of any labor offensive which might be undertaken. An additional effect is that the letter undoubtedly will tend to strengthen the rather precarious position of the Ashida Cabinet.

We regard the letter from the Supreme Commander as a document of primary importance which will have far-reaching effects upon the political, social, and economic affairs of Japan.<sup>5</sup>

Respectfully yours,

W. J. SEBALD

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<sup>5</sup> Despatch 531, August 18, from Tokyo, reported further on opinions concerning revision of the National Public Service Law and indicated the extent of Communist influence in Japan on this subject (894.017/8-1848).

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740.00119 Control (Japan)/8-3148

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

No. 569

TOKYO, August 31, 1948.

[Received September 8.]

SIR: I have the honor to refer to this Mission's despatch no. 541 of August 19, 1948<sup>1</sup> and to previous correspondence concerning the Allied Council for Japan and to forward herewith<sup>2</sup> five copies of the Corrected Verbatim Minutes of the sixty-seventh (special) meeting of the Council held on August 28, 1948.

As Chairman, I called the meeting by giving twenty-four hours' notice to the Members at the request of the Acting Soviet Member, who had by letter dated August 27, 1948 proposed that the Council

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<sup>1</sup> Not printed.

<sup>2</sup> Enclosures not printed.

discuss the substance of a letter of July 22, 1948 from General Douglas MacArthur to the Prime Minister of Japan concerning revision of the National Public Service Law; copy of the letter dated August 27, 1948 is enclosed.

The Acting Soviet Member read a prepared statement, which first referred to provisions of the Potsdam Declaration and two policy decisions of the Far Eastern Commission—Basic Post-Surrender Policy for Japan and Principles for Japanese Trade Unions—stipulating that obstacles to the strengthening of democratic tendencies in Japan must be removed and conferring upon labor unions the right to organize freely and to engage in political activity. Following the tenor of the Acting Soviet Member's letter to the Supreme Commander for the Allied Powers, dated August 11, 1948 (this Mission's despatch no. 527 of August 17, 1948),<sup>1</sup> the statement alleged that the American Occupation authorities and the Supreme Commander, whose duty it is to carry out the Potsdam Declaration and Far Eastern Commission policy decisions, were creating obstacles in the way of labor unions and democratic organizations.

It was then stated that the letter of July 22, 1948 from the Supreme Commander to the Prime Minister of Japan (this Mission's despatch no. 465 of July 24, 1948) was in violation of the Far Eastern Commission's policy decision establishing principles for Japanese trade unions because it directed the Japanese Government to prohibit by law collective bargaining between the Government and its employees. The statement also referred to the Cabinet Order issued by the Japanese Government on July 31, 1948 (this Mission's despatch no. 503, August 10, 1948)<sup>2</sup> as a result of the Supreme Commander's letter and listed several incidents and cases of arrest that had occurred after issuance of the Cabinet Order.

The Acting Soviet Member concluded by proposing that the Supreme Commander's "directive" of July 22 be withdrawn, that the July 31 Cabinet Order of the Japanese Government be rescinded, and that reprisals against workers be stopped.

I opened my answering statement by emphasizing that this entire problem had already been thoroughly and publicly considered. I commented that the Soviet statement had ignored the requirement of the Potsdam Declaration that there be established in Japan a "freely inclined and responsible government," the very objective the Supreme Commander is serving, and I observed that the main Far Eastern Commission policy at issue was limited to *trade* unions and had no bearing upon public service. I then described the experiment tried by the Supreme Commander in applying identical principles to public serv-

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<sup>2</sup> See footnote 3, p. 834.



ants and workers in private enterprise; this experiment failed because irresponsible labor leadership, particularly that of the transportation and communications unions among the government workers, had twice forced the Supreme Commander to stop threatened general strikes and was again threatening a general strike which had been projected for August 7 of this year.

After observing that the Supreme Commander's letter was designed to stabilize the public service of Japan and was intentionally phrased as a suggestion rather than as a directive in order to encourage the Japanese Government to exercise its own initiative, I emphasized that the Occupation is entirely friendly to labor and had restored the free trade union movement in Japan even prior to the receipt of detailed directives from Washington. The coercive connotation of the term "collective bargaining" as used by the Supreme Commander and the Japanese Government was noted, and the procedure for negotiation within the framework of the National Personnel Authority described.

In conclusion, I stated that the Supreme Commander's letter of July 22, 1948 had been almost unanimously supported by Japanese in all walks of life and that the authority of the Government of Japan must be clearly defined in order to preserve its integrity and dignity, especially since Japan had renounced its armed forces.

As a rejoinder the Acting Soviet Member asserted that this Occupation policy was offering an opportunity for reactionary, bandit and terrorist organizations; that the Far Eastern Commission policy decision on trade unions was not limited to workers in private enterprise; and that the Occupation was not established to implement the United States civil service system but to implement the decisions of all the Far Eastern Commission countries.

The British Commonwealth Member opened a prepared statement by saying that he would discuss only one topic—labor relations in the Japanese public service. He expressed the hope that the experience of democratic countries would be considered by the Japanese in drafting their revision of the National Public Service Law. In connection with the letter of July 22 from the Supreme Commander, he said that he was not in a position to query the Supreme Commander's estimate of the necessity for temporary curtailment of the right to strike, but that the Japanese Government order of July 31 had not made clear the distinction between clerical and administrative workers of the government and other workers, although the Supreme Commander's letter had made a clear distinction; he added that he considered the Far Eastern Commission policy decision on trade unions applicable to government workers. He further emphasized that the principal problem is not the right to strike, but the right of gov-

ernment employees to organize and to bargain collectively, and that therefore adequate negotiating procedure must be established. He suggested that the procedure of British countries, particularly the principle of impartial third-party arbitration, would be valuable as an example to the Japanese.

The Chinese Member concluded the discussion by emphasizing that revision of the National Public Service Law must enable public servants to express fully their grievances and must enable the government to care for the welfare and interests of the people; he added that reactionary elements should not be allowed to take advantage of the situation and obstruct the development of a healthy labor movement in Japan.

Respectfully yours,

W. J. SEBALD

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894.00/9-2948

*Memorandum of Conversation by the Acting Political Adviser in Japan (Sebald)* <sup>1</sup>

SECRET

[Tokyo,] September 3, 1948.

Participants: Sir Alvary D. F. Gascoigne, Head  
of the United Kingdom  
Liaison Mission in Japan.  
Mr. W. J. Sebald

Sir Alvary Gascoigne called at my office by appointment for the purpose of conveying to me certain information regarding his recent trip to London. During his stay at the Foreign Office, Sir Alvary said that he met with Mr. Bevin upon two occasions and worked very closely with Mr. Denning and Mr. MacDermot of the Far Eastern desk.

Sir Alvary said that in general the Japanese situation, which appeared to be going smoothly, was relegated to a secondary position by the Foreign Office in view of the more pressing problems of Europe and elsewhere. On the other hand, he said that the Foreign Office view regarding a Japanese Peace Treaty continues unchanged and that it is hoped that a peace conference can be convoked as soon as possible. He said that the British view is that domestic politics in the United States would probably preclude any possibility of a peace conference being summoned before next spring, but it is the Foreign Office's hope that a conference can be summoned at that time. When I queried Sir Alvary whether the United Kingdom would take the initiative in summoning such a conference, he replied that he very much doubted that the United Kingdom could do so. He felt that the United States,

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<sup>1</sup> Copy transmitted in covering instruction 400, September 29, to London.

being "in charge" in Japan, would necessarily have to take the initiative. He volunteered (as his personal opinion) the information that Mr. Denning would head the United Kingdom Delegation to the Peace Conference. He also said that he had invited Mr. Denning to visit Japan during October 1948 for several weeks, in order that he might obtain first-hand information of the situation here.

On the subject of the economy of Japan, Sir Alvary said that the Foreign Office is in full agreement with the United States position that a viable economy is necessary for Japan. It is his opinion that the United States can expect full support from the United Kingdom in its objectives in this regard. Sir Alvary also stated that it is well appreciated in the Foreign Office that a self-sufficient Japan will be of tremendous influence upon the economy and trade of the Far East as a whole.

Sir Alvary said that he had had many opportunities to discuss the Japanese situation with leading British businessmen interested in Japanese trade, and had also given an address at a luncheon held in his honor by the China Association in London. He discovered that British businessmen are surprisingly well informed concerning Japan, and despite some misinformation regarding difficulties encountered by British businessmen in carrying on their commercial operations in Japan, he felt that most of them were fully alive to the problems involved. There was some complaint that American businessmen are in a preferred status in Japan a feeling which Sir Alvary said he rapidly dissipated by explaining that the attitude of SCAP is entirely impartial in these matters.

Sir Alvary commented upon a lengthy interview which he has had since his return with General MacArthur. After relating his experiences on his trip, Sir Alvary said the discussion turned upon the present Japanese labor situation and specifically the proposed amendments to the Public Service Law. Sir Alvary said that General MacArthur became rather exercised on this subject, and during the course of a lengthy explanation, charged Mr. Patrick Shaw with joining forces with the Kremlin at the recent Allied Council meeting.<sup>2</sup> Sir Alvary stated that he attempted to explain to General MacArthur the desire of his Government to see evolved in Japan, a system of conciliation and/or arbitration for public servants—something along the lines of the British system. He said, however, that General MacArthur repeatedly reverted to Mr. Shaw's criticisms at the recent Allied Council meeting and said that he could not understand why the Australian Member constantly aligns himself with the Soviet Member in criticizing SCAP.

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<sup>2</sup> See next to last paragraph of despatch 569, August 31, *supra*.



Sir Alvary was obviously disturbed and somewhat discouraged by what he termed General MacArthur's unreasonable attitude in this interview and said he hoped that the General would not construe what he and Mr. Shaw consider to be constructive suggestions, as unwarranted criticism.

I told Sir Alvary it was my personal opinion that Mr. Shaw's recent statement at the Allied Council meeting was a well-measured and constructive statement, and even though I did not necessarily agree with everything which he said, I nevertheless did not feel it necessary to take issue with his remarks. I also told Sir Alvary that I had used almost identical words in my oral report to General MacArthur immediately after the meeting, and that I felt a statement of the kind made by Mr. Shaw could contribute to the Occupation by focusing attention upon other democratic systems. Sir Alvary was profuse in his expressions of appreciation of my attitude regarding Mr. Shaw. The latter, in his opinion, is a sincere young diplomat, who, however, is easily discouraged in his efforts to keep discussions in the Allied Council on a constructive vein. Sir Alvary said that in his opinion Mr. Shaw is "anything but a Red", in contrast with Mr. McMahon Ball "who is definitely a pink".

Sir Alvary said that he had advised Mr. Shaw to wait a week or ten days before calling upon General MacArthur to explain the reasons underlying his recent statements in the Council.<sup>3</sup> This statement, according to Sir Alvary, is entirely in accord with the British Government's attitude on this question.

W. J. SEBALD

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<sup>3</sup> An amicable meeting took place on September 9.

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740.00119 Control (Japan)/9-1448

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

No. 609

Tokyo, September 14, 1948.  
[Received September 22.]

The Acting Political Adviser has the honor to refer to this Mission's despatch No. 447 of July 16, 1948 and to enclose <sup>1</sup> five copies of Staff Memorandum No. 33, September 8, 1948, of the Supreme Commander for the Allied Powers and the Far East Command, concerning military government in the Ryukyu Islands and non-military activities in Korea, and five copies of General Orders No. 22 of September 6, 1948

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<sup>1</sup> Enclosures not printed.

concerning the establishment of a Ryukyus Military Government Section in this Headquarters with a listing of the staff of this Section.

By Staff Memorandum No. 33 the Commanding General, Ryukyus Command, is made responsible to the Commander-in-Chief, Far East, for military government activities in the Ryukyu Islands. At the same time the Chief, Ryukyus Military Government Section, General Headquarters, Far East Command, is charged with responsibility at this Headquarters for coordination of non-military activities in these Islands. The Deputy Chief of Staff, Supreme Commander of the Allied Powers, remains responsible at this Headquarters for coordination of all matters pertaining to non-military activities in Korea.

By General Orders No. 22 the Ryukyus Military Government Section is established to advise the Commander-in-Chief, Far East, on matters pertaining to military government in the Ryukyu Islands. Brigadier General John Weckerling, United States Army, has already taken over duties as Chief, Ryukyus Military Government Section, and departed for a two weeks' tour of the entire Ryukyu Islands on September 11, 1948.

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740.00119 Control (Japan)/9-1548: Telegram

*The Secretary of State to the Acting Political Adviser in Japan*  
(Sebald)

CONFIDENTIAL

WASHINGTON, September 15, 1948—5 p. m.

326. At Steering Committee meeting Sept 7, 1948, re SC 309, Travel of Jap Abroad, US member in order eliminate alleged necessity such paper stated he authorized inform members administrative control exercised by SCAP over Jap nationals abroad under his authorization includes periodic review their status, and, where necessary, taking appropriate action. He further informed members that US Govt would furnish pertinent info, when requested, on travel abroad such Jap nationals, to interested members FEC. Australian member requested postponement of discussion this subject while he sent US statement his Govt.

Committee approved SC-293/6, Travel Outside Japan Jap Commercial Representatives, by vote seven in favor with four abstentions—Chi, Australia, Phil, USSR.

Re SC-297/7, Level Economic Life Japan: Policy Towards Jap Shipbuilding and Shipping, on which US retains general reservation, UK member read statement urging immediate approval paper. Netherlands member expressed agreement with UK views.

Re SC-312, Removal Aircraft and Private Munitions Plants from Jap, US member stated he submitted UK statement his Govt, as yet

rec'd no instructions. Philippine member associated himself with UK views expressed opinion SCAP should effect early speedy delivery reparations facilities all categories Jap industry specified Commission's "interim removals program" and any supervision program this stage would defeat avowed purposes for which authorized by US interim directive.

SC-273/17, Conduct Trade with Jap, revised version SC 273/16, forwarded Steering Committee by *ad hoc* subcommittee but no action taken.

FEC meeting Sept 9, 1948, US member in order remove Australian objections FEC-293/8, Travel Outside Japan of Jap Commercial Representatives, stated SCAP authorizes travel of Jap abroad only to further attainment objectives occupation and SCAP so far as lies within his power will not permit such Jap remain abroad longer than necessary accomplish purposes for which permitted leave Japan without extension by SCAP same or another authorized purpose. Australian member requested subject be retained agenda while he referred US statement his Govt.

US member suggested discussion FEC-240/16, Interchange Persons Between Jap and Other Countries Cultural Purposes, be postponed view relationship existing between it and FEC-293/8.

FEC-242/32, Level Economic Life Japan: Policy Towards Jap Industry, related items, US member stated his Govt not furnished him instructions these papers, but his Govt had directed him to inform Commission it giving most intensive consideration this paper and in view the interest shared by all Govts represented on FEC in settlement these vital problems, it will endeavor present its views these matters soonest.

FEC-245/18, Civil Aviation Jap, US member stated he had no instructions. FEC-304/16, Port and Service Charges Foreign Vessels, Chi member read long statement requesting immediate action this paper. He understod SCAP Circular 10 Apr 2 exempted reparations cargoes but not restitution cargoes and SCAP was collecting such charges. He pointed out FEC-304/16 exempts both types cargo, that wording FEC-304/16 has been incorporated SC-273/14, Conduct Trade with Jap, and US no objection provision when incorporated into broader policy. US member stated he would be glad forward Chi statement to SCAP along with statement US Govt entirely in sympathy with it and it will be included, it is hoped, in policy paper soon to be sent him.

Chi member called attention Commission article *Newsweek* Aug 16, 1948, re discussion in FEC subject leaks on Replacement Lost Cultural Objects paper, noted article emphasized views opposed by Chinese,



and requested attempt be made stop such leakages. Neth, French, USSR members expressed views similar Chi. US member agreed continue investigation matter.

MARSHALL

894.017/9-2148

*Press Release Issued September 17 by General of the Army  
Douglas MacArthur at Tokyo*<sup>1</sup>

IMMEDIATE RELEASE

General MacArthur today brushed off as baseless charges made yesterday by the Soviet Ambassador in Washington that his policies with respect to the responsibility of public servants were in violation of controlling Allied policy including the Potsdam Declaration but took occasion to comment as follows upon certain aspects of the situation in Japan:

"No segment of Japanese society has been afforded more liberal gains since the surrender than has Japanese labor. It enjoys greater privileges and protection here than in many democratic countries. Its main potential danger lies in its absorption and ultimate destruction by communists who seek to exploit it to spread disorder, anarchy and revolution. Indeed were the concept of communism to prevail here, Japanese labor would be first to feel its completely totalitarian suppression and control, and the trade union movement would perish to be replaced by the oligarchic control of a handful of self-appointed masters. The liberty of the worker would disappear and labor would become merely a commodity. It was not the purpose of the Potsdam terms nor will the Supreme Commander permit such conditions to develop in occupied Japan.

"Perhaps the most unsuccessful effort made anywhere by world wide propaganda to instill communistic principles has been in Japan. Here concepts leading to disorder, discontent and ultimate chaos have made little headway. Despite frantic communistic efforts to achieve the contrary, Japan continues calm, stable and well ordered. The Communists and those who adhere to their cause thus have a growing sense of frustration at their failure in Japan. If they had their way they would repeat here the deplorable state of affairs which they have brought about in certain unhappy European centers.

"There is a deep and natural resentment throughout Japan at what is generally regarded by all Japanese as a basic disregard of human and moral values in the retention in Russia after more than three years following surrender of half a million Japanese prisoners employed under shocking conditions of forced servitude in works designed to increase the Soviet war potential. This, despite the solemn undertaking entered into by the Allied Powers in Clause 9 of the Potsdam Declaration offered as a condition to the Japanese surrender,

<sup>1</sup> Copy transmitted to the Department in covering despatch 623, September 21, from Tokyo; received September 29.

which reads as follows: 'The Japanese military forces, after being completely disarmed, shall be permitted to return to their homes with the opportunity to lead peaceful and productive lives.'

"There is an old oriental proverb, equally understood by the West as by the East, which says there can be 'no greater hypocrisy than to fail to practice what you preach'."

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693.9431/9-2148 : Telegram

*The Acting Secretary of State to the Acting Political Adviser  
in Japan (Sebald)*

SECRET

WASHINGTON, September 21, 1948—6 p. m.

331. At meeting Steering Committee Sept 14, 1948, SC-273/17, Conduct Trade with Jap, US able accept all changes proposed *ad hoc* committee except para 1c on which US position reserved. Chi proposed deletion para 1b2 on grounds it not in accord other provisions paper—keynote which is limitation Jap trade. Dept considering acceptance Chi amendment but not for reasons advanced by Chi.

SC-309, Travel Jap Abroad, Austral member said his Govt consistently held view there are certain dangers associated with Jap traveling abroad prior peace conference, that such Jap wld try cause diversions among Allies or indulge propaganda which might improve Jap position, and gave illustration such danger interview Jap editor, Suzuki, appearing Sept 17 issue *US News & World Report*. He stated Mr. Suzuki "touches on some most tendentious questions" and several members this committee "wld have a great cause to resent the remarks which this particular Japanese is making in US." New Zealand member stated Jap wld like have opportunity express their views in order influence opinion Allied countries, particularly this country. US member requested present views US Govt this kind article and, if it be propaganda, whether US proposes take appropriate action. UK asked US include in reply references two statements Jap editor dealing topics now before Commission—both of which refer building up Japan.

In view US statement last meeting Commission, SC-297/9, Level Economic Life Japan: Policy Towards Jap Shipbuilding Shipping, and SC-312, Removal Aircraft and Private Munitions Plants from Japan, retained agenda.

Meeting FEC Sept 15, 1948, FEC-293/8, Travel Outside Japan Japanese Commercial Representatives, and FEC-240/10, Interchange Persons Between Jap and Allied Countries Cultural Purposes, retained agenda because Austral, Chi, Phil reservations.

Soviet Amb, referring SCAP's letter Jul 22 and ordinance Jap Govt Jul 31,<sup>1</sup> stated "immed after the enforcement of this order the Jap Govt and the agencies of local authority launched a broad campaign of repressive measures against the workers and employees of govt enterprises and institutions. Mass dismissals from work and numerous arrests of striking workers and employees and leaders of trade unions were carried out." He declared actions SCAP and Jap Govt were violation para 10 Potsdam Declaration, FEC-045/5<sup>2</sup> and FEC-014/9<sup>3</sup> and, replying Mr. Sebald's statement Allied Council FEC-045/5 did not apply workers or employees govt enterprises and institutions and therefore prohibition strikes and conclusion collective agreements by workers and employees govt enterprises did not contradict FEC policy, stated it clear from provisions FEC-014/92, FEC-045/5 "no exceptions in regard to workers and employees of govt enterprises and institutions were made . . . and that interpretation attached to these decisions by Allied Council has no foundation whatsoever." Therefore, in accord para IIA2 terms reference FEC, he proposed adoption following policy decision:

"1. In accordance with Article III,2, of the Terms of Reference of the Far Eastern Commission, the Supreme Commander should be requested to revoke his directive of Jul 22 and the ordinance of the Jap Govt of Jul 31 concerning the prohibition of strikes and collective bargaining for the workers and employees of govt enterprises and institutions, as being contrary to the decisions of the Far Eastern Commission FEC-014/9 and FEC-045/5 and as violating the principles for democratization of Japan.

"2. Repressive measures against the workers and employees of govt enterprises and institutions should be discontinued."

Austral member referred comments representative his Govt offered Allied Council, but stated he had no further comments now. US member read statement Secy Royall and stated subject continuing and important one both FEC and Allied Council, that it under consideration Govt here and also responsible commander Japan and is subject before Jap Diet for action. Chi member stated he would like study Soviet statement before making comments. No comments other members, although Soviet Amb attacked Royall's statement as full inconsistencies.

FEC-304/16, US member read reply from SCAP charges would not be collected on restitution cargoes in future.

In reply query Chi member, US member stated according Summations Mar and Sep, 1947, there are in Japan gold, silver and precious

<sup>1</sup> See despatch 465, July 24, from Tokyo, p. 834, and footnote 3. For SCAP's reply to Ambassador Panyushkin on September 17, see *supra*.

<sup>2</sup> December 6, 1946, *Activities of the Far Eastern Commission*, report, p. 91.

<sup>3</sup> June 19, 1947, *ibid.*, p. 49.



metals valued approx \$250,000,000, but this valuation not accepted by bankers, which fact casts in question value ultimately assigned both "foreign exchange fund" and such other gold silver in Japan, ownership which not yet determined. He added US not rec'd from SCAP report proportion gold silver found Japan not already made part "foreign exchange fund" of clearly established Jap ownership.

LOVETT

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894.017/9-2348

*Memorandum by the Assistant Secretary of State for Occupied Areas  
(Saltzman) to the United States Representative on the Far Eastern  
Commission (McCoy)*

CONFIDENTIAL

WASHINGTON, September 23, 1948.

Subject: Policy on Japanese Government Workers (FEC-318)

The United States Government considers the policy decision proposed by the Soviet Representative on the above subject at the meeting of the Commission on September 16 [15?], 1948 to be based on a totally erroneous interpretation of the facts with which it purports to deal, and therefore finds it wholly unacceptable. Furthermore, at a time when legislation is being drafted for submission to the Diet and review by SCAP, your Government regards extended consideration by the Commission of policy with respect to the rights and duties of Japanese Government workers to be inappropriate and undesirable.

It is therefore the view of your Government that discussion of this subject by the Commission should be limited as much as is feasible, and that the policy decision proposed by the Soviet Representative should be brought to as early a vote as is compatible with your concurrent duties as Chairman.

To this end, there is attached herewith a statement of the position of your Government for use in your capacity as United States Member. The specific comment in this statement is directed only to certain remarks made by the Soviet Representative at the last meeting of the Commission, and does not deal with other views which have been or may be expressed by interested Governments in consideration of this subject.

In the light of the foregoing explanation of the purpose and limited scope of the attached statement, it is requested that its substance be presented to the Commission on an opportune occasion at an early stage of the discussion of this subject.

CHARLES E. SALTZMAN

[Annex]

*Statement for the United States Representative on the Far Eastern  
Commission (McCoy)*

CONFIDENTIAL

STATEMENT OF UNITED STATES POSITION ON POLICY DECISION  
PROPOSED BY THE SOVIET REPRESENTATIVE

I do not wish to take up the time of this Commission with restatements of the position of my Government on the question of the rights and duties of Japanese Government workers. My Government's considered position is as set forth in the statement by Secretary of the Army Royall, which was released to the press on September 2. The text of this statement has been circulated to members of the Commission, as have other pertinent documents on this subject, including General MacArthur's letter to Prime Minister Ashida, the interim ordinance issued by the Japanese Government, and the minutes of the Allied Council meeting on August 28, at which the views of various interested countries were expressed.

In the opinion of my Government, the temporary character of the interim ordinance of the Japanese Government and the fact that permanent legislation is now in preparation for submission to the Diet and review by SCAP, make it unprofitable for the Commission to engage at this time in an extended consideration of this complex subject. There is, however, a policy decision before the Commission which was proposed by the Soviet Member at the last meeting of the Commission. My Government regards this proposal as based on an erroneous interpretation of the facts with which it deals, and finds it unacceptable. I am, however, impelled to comment on certain statements made by the Soviet Ambassador at the meeting.

You will recall that Secretary Royall concluded his press release with the following statement:

"The Department of the Army and other interested Government agencies are currently reviewing the Interim Ordinance from the point of view of Allied policy; and along with General MacArthur, the Supreme Commander, will closely scrutinize the proposed Japanese legislation to ensure that such legislation as may be adopted by the Japanese Diet does not impair the basic objectives of Occupation policy for the emergence of a democratic, stable and peace-loving Japanese nation and the development and operation of democratic trade unions."

The Soviet Ambassador has expressed the view that there is an inconsistency between this statement and Mr. Royall's preceding state-

ment that, "The recommendations made in General MacArthur's letter, as we understand them, do not in any way traverse or conflict with any FEC labor policies." I fail to see any inconsistency in these two statements. The language of General MacArthur's letter was appropriately general rather than specific, in order that there might be wide latitude in the consideration by the Japanese Government of the proposed revision of the National Public Service legislation. In the course of such consideration, it is entirely possible that the Japanese Government may introduce comprehensive legislation containing some provisions at variance with the broad principles set forth in the General's letter. It is the normal duty of the Supreme Commander to review all legislation adopted by the Japanese Diet to ensure that it does not impair in any respect the basic objectives of occupation policy.

The Soviet Ambassador also commented on my remark at the last meeting that besides the legal problems involved in the National Public Service Law, General MacArthur has a responsibility to ensure that the peace and order of the occupied area under his command are not destroyed. The Ambassador interpreted this remark to mean that in my opinion the Supreme Commander may have acted extralegally, and alleged that "as a result of General MacArthur's letter disorders occurred in Japan". My Government cannot accept either of the Ambassador's contentions. My remarks on that occasion merely underlined the overall and indisputably legal responsibility of the Supreme Commander to prevent a disastrous strike which would imperil Japan's economic structure.

It will be recalled that twice in the last 18 months SCAP has been obliged to prevent the occurrence of strikes led by the Government transportation and communications workers. In the light of this past experience, my Government considers entirely appropriate the Supreme Commander's recent and timely action recommending that the Japanese Government effect a definitive and lasting clarification of the rights of Government workers. Until such clarification is made and embodied in law, the recurrence of labor disputes involving Government workers is likely to continue to jeopardize the security and objectives of the occupation.

The Japanese Government is now engaged in seeking a solution to this problem. The solution which it proposes will be subject to review by SCAP. I have no further observations to make at this time.



Executive Secretariat Files

*Note by the NSC Acting Executive Secretary (Lay) to the National Security Council*

TOP SECRET

[WASHINGTON,] September 24, 1948.

NSC 13/1      Reference: NSC 13<sup>1</sup>

## RECOMMENDATIONS WITH RESPECT TO U.S. POLICY TOWARD JAPAN

At the request of the Acting Secretary of State the enclosed report<sup>2</sup> on the above subject is submitted for consideration by the National Security Council at a special meeting on Thursday, September 30, 1948.

The report, with the exception of paragraph 20, is a modification by the National Security Council Staff, with the advice and assistance of representatives of the Departments of State, the Army, the Navy and the Air Force and of the National Security Resources Board and the Central Intelligence Agency, of an original draft by the Department of State (NSC 13). Paragraph 20 contains the divergent proposals regarding reparations which have been submitted to the Council by the Departments of State and the Army.

Attention is invited also to the divergent views with respect to the second sentence of paragraph 9.

It is suggested that the enclosed report, as adopted by the Council, be submitted to the President with the recommendation that he approve the conclusions contained therein and direct that they be implemented by all appropriate Executive Departments and Agencies of the U.S. Government under the coordination of the Secretary of State.

JAMES S. LAY, JR.

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<sup>1</sup> June 2; for text, see annex 2, May 26, p. 776.

<sup>2</sup> For revised text adopted on October 7, see p. 858.

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740.00119 Control (Japan)/9-2948: Telegram

*The Acting Secretary of State to the Acting Political Adviser  
in Japan (Sebald)* \*

CONFIDENTIAL

WASHINGTON, September 29, 1948—7 p. m.

334. At meeting Steering Committee Sept. 21, Soviet member introduced amendments to SC-277/11, Principles for Jap Farmers Organizations, almost identical those introduced working committee and

defeated there. Paper retained on agenda as Chinese, French, Philippine and UK still had no instructions.

Conduct of Trade with Jap, SC-273/17, US member stated his Govt had no objection deletion para 1 *b* 2 as proposed by Chinese member but pointed out US in originally accepting para had in mind interest those areas Far East devastated as result Jap aggression, believing revival Jap economy and its beneficial effect on development trade and production in Far East would contribute to essential well-being all areas there and that interpretation that keynote this paper is limitation of Jap foreign trade is not in accord with FEC policy or Potsdam Proclamation. US member proposed para 1 *c* be amended as follows:

“*c*. Insure competitive conditions in trade free of contracts or arrangements which restrict competition, limit access to markets or foster monopolistic controls and to prevent excessive concentration of economic power and monopolies in foreign trade.”

NZ member made long, heated attack on US for its frequent shifts in position on question concentration economic power in Jap. NZ position supported by Australian member. USSR member implied US had changed and was changing position on question.

Australian member proposed withdraw SC-309, Travel of Jap Abroad, on understanding FEC would be regularly and promptly supplied info on subject. However, subject retained on agenda view Soviet objection.

Re Suzuki interview, USSR member described statements as destructive and libelous attacks on Allied policy in Jap. NZ member concluded Suzuki's statements definitely constituted propaganda. Australian member stated disappointed US had as yet no explanation to offer and pointed out there was need of assurance by US that Jap would not make such statements in future. Chinese proposed FEC should pass more comprehensive paper on subject.

In view US statement in FEC on level economic life, SC-297/7, Policy Towards Jap Shipbuilding and Shipping, retained on agenda. However, UK member could not see why US reply on SC-312, Removal of Aircraft and Private Munitions Plants from Jap, should be deferred on general grounds as this was specific matter and had no connection with general attitude US on Level of Economic Life. Chinese member stated would appreciate info on subject as he considered destruction or removal aircraft and private munitions plants from Jap mandatory.

At meeting FEC, Sept 23, 1948, Australian member stated he was now prepared to vote in favor FEC 293/8, Travel Outside Jap of Jap Commercial Representatives. Philippine member requested post-

ponement. US member stated he could agree to Chinese proposal that para 1 c be deleted but pointed out US Govt continues support policy Jap trade should be expanded to level consistent with her peaceful needs as defined by FEC. USSR member opposed deletion. NZ member proposed "only that" be inserted after "deemed" and "in FEC-106/1" at end of para. Paper was referred to working committee.

Re Labor Policy in Jap (FEC-318), Chinese member stated his Govt could not express final views on issue until it knew how Article 4 FEC policy decision on Principles for Jap Trade Unions had been implemented. NZ member broadened inquiry to include not only what has taken place but also what may be expected to take place in course of amending Natl Service Law. He thought it appropriate for FEC to see draft of such amendments. While he reserved comment on general issue, he stated his Govt took view Jap ordinance contrary FEC policy on trade unions. US member made statement temporary character Jap ordinance and fact that permanent legislation now in preparation for submission to Diet and review by SCAP make it unprofitable for FEC engage at this time in extended consideration subject. He added his Govt regards Soviet proposal as based on erroneous interpretation of facts with which it purports to deal and finds it unacceptable.

Ind member emphasized distinction between ordinary civil servants and workers in Govt enterprises, and stated that latter should have right to strike. NZ member referred to US statement and stated he was afraid substance of interim ordinance might tend become that of permanent legislation. If he could be convinced ordinance purely temporary he would favor dropping issue. In view Mr. Sebald's statement FEC policy on trade unions does not apply Govt workers, he could not agree with premises on basis of which US would review legislation.

Re FEC-242/32, Level of Economic Life in Japan, Soviet Amb read statement to effect objective of Allied Powers should be not limitation of Japan's peaceful industry but prevention development in Jap of war industry, as well as prevention creation of conditions under which Jap militarism and Jap aggression can revive. Objective, it was stated, could be attained if appropriate control in Jap for certain period in order prevent revival or creation Jap war industry. Such control, established for period several years and exercised by powers most interested preventing new Jap aggression, should be provided for in peace treaty with Jap, the preparation and conclusion of which is long overdue. He proposed adoption of fol policy decision:

"1. No limitation should be imposed upon the restoration and development of peaceful Jap industry which seeks to satisfy the needs of the Jap population, nor upon the development of export in accordance with the needs of Japan's peaceful economy.



"2. The revival and creation of Japanese war industry should be prohibited and there should be established, for a period of several years, a control over the fulfillment of this decision, to be exercised by those Powers most interested in preventing a new Jap aggression."

FEC-245/10, Civil Aviation in Japan, retained on agenda.

USSR member protested slanderous statement made by Suzuki against Allies in Japan and also asked for more complete report than was given on leaks on Replacement of Lost Cultural Objects paper. Chinese and Australian member also expressed concern over Suzuki incident.

LOVETT

740.00119 Control (Japan)/10-148

*Memorandum by Mr. John Foster Dulles, United States Delegation at the United Nations General Assembly, to the Secretary of State*

SECRET

[NEW YORK,] October 1, 1948.

I dined last night with the Chinese Foreign Minister and Dr. Tsiang.<sup>1</sup> He urged on me the idea which I think he had previously urged on you, namely, that the United States should consider making a treaty with China and some of the British Commonwealth states to guarantee for a long time the disarmament of Japan. He said that this would remove Chinese fear of Japanese economic recovery and permit of China going along on a program of Japanese economic revival which could be to the interest of the entire Far Eastern area if there was assurance that such revival would only be for peaceful purposes. I said I thought that the suggestion was an interesting one which it might be worth while to explore.<sup>2</sup>

J[OHN] F[OSTER] D[ULLES]

<sup>1</sup> Dr. Wang Shih-chieh and Dr. T. F. Tsiang headed the Chinese delegation at the UN General Assembly meeting.

<sup>2</sup> Notation by the Secretary: "Digest this proposal, as made to me by Wang, and radio to Washington your comment. GCM". Added notation (unsigned): "Done". For Department comment on this question, see telegram Telmar 52, October 7, 6 p. m., p. 862.

740.00119 Control (Japan)/10-648

*Memorandum by the Assistant Secretary of State for Occupied Areas (Saltzman) to the United States Representative on the Far Eastern Commission (McCoy)*

CONFIDENTIAL

[WASHINGTON,] October 6, 1948.

Subject: Suzuki Interview in *U.S. News and World Report*

When questioned as to the status of the Suzuki affair, you are requested to state that your Government has not as yet completed its consideration of and action on the questions arising from this incident.

You are authorized, however, to inform the Commission of two preliminary measures that have been already taken by your Government, as follows:

1. With reference to all Japanese whose travel from Japan may be duly authorized by SCAP, SCAP has been informed of the support currently being accorded by this Government to the pertinent provisions of policy proposals now under consideration by the Commission, specifically to para. 3 of FEC 240/16 and to para. 1*d* of 293/8.

2. With regard to those Japanese who will travel to the United States, this Government is taking action to insure that they are advised to exercise discretion in making any addresses or statements or in giving interviews of a public character in order to avoid such comment on policy matters as might be capable of interpretation as propaganda activity.

For your confidential information, Mr. Suzuki has been located at the head office of *Reader's Digest* in Pleasantville, New York, and we are making arrangements to talk with him and to officials of the *Reader's Digest*, his sponsor in this country, and to a representative of *U.S. News and World Report*, explaining the unfortunate effect of his statement published in the *U.S. News*. It is our present feeling that a caution of this kind will be adequate to prevent any recurrence of such an incident on the part of Mr. Suzuki and that it will be unnecessary to send him back to Japan.

If pressed as to action taken or contemplated by your Government with respect to Mr. Suzuki personally, you should state that you have no further instructions at this time, except to emphasize that your Government has not as yet completed its action on this problem.

CHARLES E. SALTZMAN

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Executive Secretariat Files

*Note by the NSC Executive Secretary (Souers) to President Truman*<sup>1</sup>

TOP SECRET

[WASHINGTON,] October 7, 1948.

NSC 13/2

At its twenty-third meeting the National Security Council considered a draft report on the above subject (NSC 13/1<sup>2</sup>) and adopted it in the revised form enclosed herewith. Paragraphs 5, 9 and 20, which were deleted, will be submitted at a later date.

The National Security Council recommends that the President approve the enclosed report and direct that it be implemented by all ap-

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<sup>1</sup> Sent also to the Secretaries of State, Defense, the Army, the Navy, the Air Force, and the Chairman of the National Security Resources Board. President Truman approved NSC 13/2 on October 9.

<sup>2</sup> *Ante*, p. 853.

propriate executive departments and agencies of the United States Government under the coordination of the Secretary of State.

SIDNEY W. SOUERS

[Annex]

TOP SECRET

[WASHINGTON, October 7, 1948.]

NSC 13/2

REPORT BY THE NATIONAL SECURITY COUNCIL  
ON  
RECOMMENDATIONS WITH RESPECT TO UNITED STATES POLICY TOWARD  
JAPAN

THE PEACE TREATY

1. *Timing and Procedure.* In view of the differences which have developed among the interested countries regarding the procedure and substance of a Japanese peace treaty and in view of the serious international situation created by the Soviet Union's policy of aggressive Communist expansion, this Government should not press for a treaty of peace at this time. It should remain prepared to proceed with the negotiations, under some generally acceptable voting procedure, if the Allied Powers can agree among themselves on such a procedure. We should, before actually entering into a peace conference, seek through the diplomatic channel the concurrence of a majority of the participating countries in the principal points of content we desire to have in such a treaty. Meanwhile, we should concentrate our attention on the preparation of the Japanese for the eventual removal of the regime of control.

2. *The Nature of the Treaty.* It should be our aim to have the treaty, when finally negotiated, as brief, as general, and as nonpunitive as possible. To this end we should try to clear away during this intervening period as many as possible of the matters which might otherwise be expected to enter into the treaty of peace. Our aim should be to reduce as far as possible the number of questions to be treated in the peace treaty. This applies particularly to such matters as property rights, restitution, etc. Our policy for the coming period should be shaped specifically with this in mind.

SECURITY MATTERS

3. *The Pre-Treaty Arrangements.* Every effort, consistent with the proper performance of the occupational mission as envisaged in this policy paper and with military security and morale, should be made



to reduce to a minimum the psychological impact of the presence of occupational forces on the Japanese population. The numbers of tactical, and especially non-tactical, forces should be minimized. In determining the location of occupation forces, their employment, and support from the Japanese economy in the pre-treaty period, full weight should be given to the foregoing.

4. *The Post-Treaty Arrangements.* United States tactical forces should be retained in Japan until the entrance into effect of a peace treaty. A final U.S. position concerning the post-treaty arrangements for Japanese military security should not be formulated until the peace negotiations are upon us. It should then be formulated in the light of the prevailing international situation and of the degree of internal stability achieved in Japan.

5. *The Ryukyu Islands.* (Recommendations on this subject are to be submitted separately.<sup>3</sup>)

6. *Naval Bases.* The United States Navy should shape its policy in the development of the Yokosuka base in such a way as to favor the retention on a commercial basis in the post-treaty period of as many as possible of the facilities it now enjoys there. Meanwhile, it should proceed to develop the possibilities of Okinawa as a naval base, on the assumption that we will remain in control there on a long-term basis. This policy does not preclude the retention of a naval base as such at Yokosuka if, at the time of finalizing the U.S. position concerning the post-treaty arrangements for Japanese military security, the prevailing international situation makes such action desirable and if it is consistent with U.S. political objectives.

7. *The Japanese Police Establishment.* The Japanese Police establishment, including the coastal patrol, should be strengthened by the re-enforcing and re-equipping of the present forces, and by expanding the present centrally directed police organization.

#### THE REGIME OF CONTROL

8. *Supreme Commander for the Allied Powers.* This Government should not at this time propose or consent to any major change in the regime of control. SCAP should accordingly be formally maintained in all its existing rights and powers. However, responsibility should be placed to a steadily increasing degree in the hands of the Japanese Government. To this end the view of the United States Government should be communicated to SCAP that the scope of its operations should be reduced as rapidly as possible, with a corresponding reduction in personnel, to a point where its mission will consist largely of general supervisory observation of the activities of the Japanese Gov-

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<sup>3</sup> For revised draft, see enclosure to letter of October 26, p. 877.

ernment and of contact with the latter at high levels on questions of broad governmental policy.

9. *Far Eastern Commission*. (Recommendations on this subject are to be submitted separately.)

10. *Allied Council*. The Allied Council should be continued, with its functions unchanged.

#### OCCUPATIONAL POLICY

11. *Relations with the Japanese Government*. (See paragraph 8 above.)

12. *Internal Political and Economic Changes*. Henceforth emphasis should be given to Japanese assimilation of the reform programs. To this end, while SCAP should not stand in the way of reform measures initiated by the Japanese if he finds them consistent with the overall objectives of the occupation, he should be advised not to press upon the Japanese Government any further reform legislation. As for reform measures already taken or in process of preparation by the Japanese authorities, SCAP should be advised to relax pressure steadily but unobtrusively on the Japanese Government in connection with these reforms and should intervene only if the Japanese authorities revoke or compromise the fundamentals of the reforms as they proceed in their own way with the process of implementation and adjustment. If exigencies of the situation permit, SCAP should consult with the U.S. Government before intervention in the event the Japanese should resort to action of such serious import. Definite background guidance embodying the above principles and indicating the United States Government's view as to the nature and extent of the adjustment to be permitted should be provided SCAP in the case of certain reforms.

13. *The Purge*. Since the purpose of the purge has been largely accomplished, the U.S. now should advise SCAP to inform the Japanese Government informally that no further extension of the purge is contemplated and that the purge should be modified along the following lines: (1) Categories of persons who have been purged or who are subject to the purge by virtue of their having held relatively harmless positions should be made re-eligible for governmental, business and public media positions; (2) certain others who have been barred or who are subject to being barred from public life on the basis of positions occupied should be allowed to have their cases re-examined solely on the basis of personal actions; and (3) a minimum age limit should be fixed, under which no screening for public office would be required.

14. *Occupation Costs*. The occupational costs borne by the Japanese Government should continue to be reduced to the maximum extent

consonant with the policy objectives of the pre-treaty period as envisaged in this paper.

15. *Economic Recovery.* Second only to U.S. security interests, economic recovery should be made the primary objective of United States policy in Japan for the coming period. It should be sought through a combination of United States aid program envisaging shipments and/or credits on a declining scale over a number of years, and by a vigorous and concerted effort by all interested agencies and departments of the United States Government to cut away existing obstacles to the revival of Japanese foreign trade, with provision for Japanese merchant shipping, and to facilitate restoration and development of Japan's exports. In developing Japan's internal and external trade and industry, private enterprise should be encouraged. Recommendations concerning the implementation of the above points, formulated in the light of Japan's economic relationship with other Far Eastern countries, should be worked out between the State and Army Departments after consultation with the other interested departments and agencies of the Government. We should make it clear to the Japanese Government that the success of the recovery program will in large part depend on Japanese efforts to raise production and to maintain high export levels through hard work, a minimum of work-stoppages, internal austerity measures and the stern combatting of inflationary trends including efforts to achieve a balanced internal budget as rapidly as possible.

16. *Property Matters.* SCAP should be advised to expedite the restoration or final disposal of property of United Nations members and their nationals in such a way that the process will be substantially completed by July 1, 1949. It should be the objective of United States policy to have all property matters straightened out as soon as possible and certainly well in advance of a treaty of peace in order that they may not hamper treaty negotiations.

17. *Information and Education.*

a. *Censorship.* Censorship of literary materials entering Japan should be conducted with the minimum of delay and pre-censorship of the Japanese press should cease. This should not operate, however, to prevent SCAP from exercising a broad post-censorship supervision and from engaging in counter-intelligence spot-checking of the mails.

b. *Radio.* The United States Government should immediately undertake a regular program of medium- and long-wave broadcasts to Japan from a suitably located transmitter station possibly on Okinawa. These programs should be carefully prepared with a view to developing an understanding and appreciation of American ideas and at the same time to maintaining as wide a Japanese radio audience as possible.

c. *Interchange of Persons.* The interchange between Japan and the United States of scholars, teachers, lecturers, scientists and technicians



should be strongly encouraged. SCAP should continue the policy of permitting approved Japanese to go abroad for cultural as well as economic purposes.

18. *War Crime Trials.* The trial of Class A suspects is completed and decision of the court is awaited. We should continue and push to an early conclusion the screening of all "B" and "C" suspects with a view to releasing those whose cases we do not intend to prosecute. Trials of the others should be instituted and concluded at the earliest possible date.

19. *Control of Japanese Economic War Potential.* Production in, importation into, and use within Japan of goods and economic services for bona fide peaceful purposes should be permitted without limitation, except:

a. Japan's economic war potential should be controlled by restrictions on allowable stockpiling of designated strategic raw materials in Japan.

b. Japan's industrial disarmament should be limited to the prohibition of the manufacture of weapons of war and civil aircraft and the minimum of temporary restrictions on industrial production which can be advocated in the light of commitments already made by the United States regarding the reduction of the industrial war potential.

20. *Japanese Reparations.* (Recommendations on this subject are to be submitted separately.)

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740.00119 Control (Japan)/10-748: Telegram

*The Acting Secretary of State to the Secretary of State, at Paris*

SECRET

US URGENT

WASHINGTON, October 7, 1948—6 p. m.

NIACT

Telmar 52. ReMartel 32, Oct 5,<sup>1</sup> background material and comments on Foreign Minister Wang's proposal provided as follows:

1. US Draft Treaty on Disarmament and Demilitarization of Japan closely similar to that proposed for Germany was circulated to Governments of China, Soviet Union and UK by former Secretary Byrnes in March 1946 and released to press in June 1946. Draft provided system of inspection by quadripartite Commission of Control acting by majority vote. Proposals welcomed in principle by Chinese and British Governments, went unacknowledged by Soviets. Let drop by US in light Soviet disinterest and virtual rejection by Soviets at Moscow in April 1947 of similar treaty for Germany. British inquired

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<sup>1</sup> Not printed.

informally in March 1947 whether US still supported Draft Treaty for Japan and expressed view such demilitarization treaty should be concluded prior to conclusion general Peace Treaty. Noncommittal reply given.

2. US is now committed to policy of complete and continuing Japanese disarmament expressed in Potsdam Declaration, FEC Basic Post-Surrender Policy for Japan and FEC policy decision of February 1948 on Prohibition of Military Activity in Japan. This policy presents no difficulties during the pre-treaty period of continued occupation. It seems clear, however, as stated in Kennan's report following his Japan trip, that if Russia continues to present threat to world peace which she does today, we must either have no peace treaty at all and retain Allied forces in Japan or we must permit Japan to re-arm at least to extent that it no longer constitutes an open invitation to military aggression. If on other hand Russia's military-political potential and economic capabilities weaken in relation to those of Western Powers, if it appears that this situation will endure for some time, and if Japanese society is not too vulnerable politically, we might place our reliance for Japanese security on Russia's self-interest in keeping faith as signatory to a disarmament and demilitarization treaty. Such a treaty without Russian participation would be valueless or positively harmful. Possibility above conditions will be realized appears problematical at this time, however. Desirability of postponing decision on Japanese long-range security arrangements until more could be known of future course of Soviet policy was therefore recognized in policy paper on Japan approved today by National Security Council,<sup>2</sup> which provides:

*"The Post-Treaty Arrangements.* United States tactical forces should be retained in Japan until the entrance into effect of a peace treaty. A final U.S. position concerning the post-treaty arrangements for Japanese military security should not be formulated until the peace negotiations are upon us. It should then be formulated in the light of the prevailing international situation and of the degree of internal stability achieved in Japan."

3. Believed here strong possibility Wang's proposal at least in part due Soviet inspiration and may have been suggested to him by Soviet Ambassador during conversations late August and early September at Nanking, perhaps in return for Soviet compliance 1945 Agreement on Dairen and Manchurian railways. This fits in with Soviet Ambassador's statement here to FEC on September 23 that no limitations should be placed on peaceful Japanese industry and trade, and that controls to ensure against a revival of Japanese war industry should

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<sup>2</sup> *Supra.*

be exercised "for a period of several years . . . by those powers most interested in preventing new Japanese aggression". (Another factor to be considered is that Chinese may hope by means of demilitarization treaty to obtain agreement to many of their desired Japanese levels of industry.) There is reason to believe Soviets have become alarmed over evidences of a shift of US policies in Japan, policies which had previously been sufficiently in accord with their own desires so they could afford to stand aside, and that they are now attempting to bring about new Japan control arrangements in which they can gain effective part. Fearful over evidences of US shift of emphasis from reform to stability and possible later intention to re-arm Japan in our service, they may be seeking to bind us to our 1946 demilitarization proposal before we can successfully withdraw from it. While Soviet preferred position obviously that which would ensure continuing Japanese disarmament while giving them direct share in control machinery, as evidenced by Panyushkin's statement to FEC, Soviets may hope through Chinese proposal at least to obtain disarmament objective should preferred position prove impossible of attainment. At same time Soviets could remain free themselves to subvert Japan through trade pressures and political penetration.

4. In light of above policy considerations taken in conjunction with fact that present precarious position Chinese Govt is such that risk must be recognized it may be supplanted by other entities before a fraction of proposed duration of such a treaty has passed, and also taking into account the conjectured origin of Wang proposal, it is recommended you personally and orally, and as informally as possible, reject this proposal, pointing out that now is not the time to make decisions on this subject. It is suggested you point out that Japan is already disarmed. In this connection you may wish to refer to speech of Chang Chun <sup>3</sup> Sept 28 concerning his recent trip to Japan as personal representative of Gimo <sup>4</sup> in which he said *inter alia* "SCAP has done thorough job in disarming Japan the past three years . . . On strength of her present resources and technical know-how, Japan's chance of building up adequate military defense to cope with another war is slim indeed." It can also be indicated that this Govt has of course no plans of re-arming Japan, while at the same time it is quite clear that Soviet Govt does have every intention of gaining as much control in Japan as possible with view of drawing Japan into its orbit,

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<sup>3</sup> General Chang Chun, former President of the Chinese Executive Yuan (Premier), recently on a visit to Japan.

<sup>4</sup> Generalissimo Chiang Kai-shek, President of the Republic of China.



and in present circumstances this Govt can take no action which would merely be exploited by Soviets and redound to their advantage.

LOVETT

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740.00119 FEAC/10-848 : Telegram

*The Acting Secretary of State to the Acting Political Adviser  
in Japan (Sebald)*

CONFIDENTIAL

WASHINGTON, October 8, 1948—8 p. m.

352. Subject is Summary Far Eastern Commission Meeting, September 30, 1948. FEC 240/16, Interchange of Persons Between Japan and Other Countries for Cultural Purposes retained on agenda in view of Chinese, French and Philippine reservations.

FEC 318, Labor Policy in Japan—Soviet Ambassador said he could not agree with statement by U.S. member on Sept 23 since it justified illegal actions of General MacArthur. He contended General McCoy reckoned upon depriving FEC of opportunity to consider substance of MacArthur's action, who by issuing directive of July 22 to Ashida violated FEC 014/9 and 045/5.

The U.S. member referred to inquiry of Chinese member at last meeting as to implementation of para 4 of FEC policy decision on trade unions and read long statement on development of arbitration and mediation machinery in Japan. The Australian member stated that his Govt was waiting to be assured that the permanent legislation would give the Japanese Govt workers rights consistent with those exercised by such workers in other democratic countries.

He noted that important points in the Australian position were (1) retention of distinction between various types of Govt workers which had been made clear in SCAP's letter to Ashida but not in Japanese ordinance; (2) the establishment of external mediation authority; (3) no permanent prohibition of trade union rights by legislation. He hoped that ordinance would not establish pattern for permanent legislation. He added that his Govt attached great importance to assurance that US and SCAP would carefully scrutinize proposed legislation.

Soviet statement on Level of Economic Life in Japan, FEC 320, Australian, New Zealand and Chinese members asked USSR for clarification with reference to (1) distinction between war and peaceful industries. (2) relationship between Soviet proposal and reparations from current production, (3) time of application of control machinery.

Netherlands and Australian members again pressed US for statement on Suzuki incident. FEC 245/18, Civil Aviation in Japan, FEC 242/32 and related items retained on agenda.

LOVETT

894.017/10-448

*The Department of State to General of the Army  
Douglas MacArthur, Tokyo*<sup>1</sup>

CONFIDENTIAL

[WASHINGTON,] October 8, 1948.

FINAL APPROVED DRAFT

1. Reurad Z-24321,<sup>2</sup> Cabinet's amendments to the National Public Service Law, together with contemplated National Railway Corporation Law, Public Corporation Law for Tobacco and other Monopolies, and National Negotiation Law for Public Corporations, have been carefully examined here by Departments of Army, State, and Labor. These measures should strengthen the foundations of a democratic and efficient public service which will uphold the integrity and dignity of the new Japanese Government without reinstating the evils of the old bureaucratic system. Your action to prevent strikes by government workers regarded as timely for reasons you have cited. While all agree with general purpose proposed legislation, are cognizant of the delicate situation existing as described urad C-63093 and in concluding paragraph Z-24321, and desire to assist and support you in reaching a practical settlement of this difficult problem in a manner appropriate to conditions in Japan and to the satisfactory conduct of our foreign relations in general, we desire you consider following comments (except where ascribed to FEC countries or to others) as expression of U.S. policy interests in this problem.

2. As you know, virtually all friendly FEC nations, while willing to acquiesce in the interpretation that the FEC policy decision 045/5, "Principles for Japanese Trade Unions", transmitted as JCS directive, Serial 63,<sup>3</sup> does not fully apply to all government employees, have

<sup>1</sup> In a letter to the Commissioner of the U.S. Civil Service Commission (Frances Perkins) of October 6, Acting Secretary of State Lovett said the draft cable was being sent to the Department of the Army for transmission to SCAP and added: "While this cable does not follow your suggestion for the withholding of collective bargaining rights from all government workers, I trust you will appreciate from a reading of the cable the reasons why this Department favors the retention of collective bargaining rights of a non-coercive nature by industrial workers employed by the Japanese Government." The Department of Defense has stated that this cable was sent as WAR 90494, October 8, 1948, personal to MacArthur from Under Secretary of the Army Draper, with minor editorial changes.

<sup>2</sup> SCAP telegrams as cited not in Department files.

<sup>3</sup> December 13, 1946; see memorandum of December 10, 1946, *Foreign Relations*, 1946, vol. VIII, p. 369. FEC-045/5, December 6, 1946, is in *Activities of the Far Eastern Commission*, report, p. 91.

stated through diplomatic channels and otherwise the view that it should apply at least to industrial workers in government employment. For your strictly confidential information, the contrary view that JCS Serial 63 has no bearing on government employees is opposed by so many FEC countries that it is not regarded by the Department of State as capable of successful defense except through unilateral use of the defensive veto by the U.S. member. We are sure you will concur in our earnest desire to avoid such a development. We believe that broad general support for the legislation would probably be forthcoming from these governments if the legislation does not conflict with the interpretation that the terms of JCS 63 should apply at least to industrial workers employed by the government. This interpretation would be consonant with pertinent occupation usage prior to the issuance of the Cabinet Ordinance of July 31, does not in our opinion conflict with the terms of your letter to Premier Ashida, nor so far as we can determine, bring into dispute any statement which you have personally made public. Solution along these lines would, we believe, meet the objections of such nations and at the same time avoid the necessity for our acquiescence in their interpretation of JCS 63.

3. The right to strike is denied to all government employees in the laws contemplated for enactment. Under any interpretation of JCS 63, such enactment would be consistent with FEC policy if you made a finding as Supreme Commander that you consider that strikes and other work stoppages on the part of any and all classes of government employees would "directly prejudice the objectives and needs of the occupation". If you made such a finding, it should obviate the claim that JCS 63 (para 5) has been violated by the no-strike provision, without changing the results you are seeking. Such a finding could be included in any statement you might make prior to the enactment of the legislation or at the time of its approval by you (without, of course, it being necessary for you to mention JCS 63).

*(Addition to paragraph 3 by Secretary Royall)*

It would be implicit in such a finding that your approval of absolute denial of the right to strike under proposed legislation is based on present occupation conditions and does not necessarily prejudice this question for the future.

4. The right of collective bargaining, in the sense of including the coercive power of the strike threat, is likewise denied to all government employees in contemplated legislation. This denial is felt to be necessary to meet conditions in Japan, to be desirable as a matter of policy, and to be fully defensible by this Government with the support of friendly countries, against any contrary views. For the same reasons



and with only moderately diminished generality of anticipated support, we feel that collective bargaining, in a second and distinct sense of not including the coercive power of the strike threat, has application only to certain categories of government employees. The central issue in the controversy which we are concerned to avoid is over the scope of application of the right of collective bargaining in the second sense to various categories of government employees, which is discussed below.

5. It appears that Railway and Government monopoly workers will be adequately provided for under the contemplated legislation, although the National Public Service Law does not by its terms clearly state whether or to what extent they are excluded from its provisions. We feel that the proposed National Public Service Law should clarify this.

6. It is believed, however, on basis U.S. contacts with representatives friendly governments, that they will argue that the proposed legislation is deficient regarding its provisions for industrial employees who are in the government service but outside the scope of the proposed Railway and Government Monopoly Corporation Laws. Such employees would include those in maintenance, construction, custodial services, government plants and communications workers other than postal. In accordance with their contention that JCS 63 applies to such employees, they would claim that such employees should have not only the right to organize and join employee associations but also (under Section 4 of JCS 63) to negotiate through such associations regarding terms and conditions of employment and have recourse to mediation and arbitration machinery when industrial disputes cannot be settled by negotiation. Proposed Japanese legislation evidently does not give such employees full rights of collective bargaining in the second sense described in para 4 above (right of negotiation in proposed Japanese law is "solely in the sense of presenting grievances and making and discussing recommendations") nor does it provide mediation and arbitration machinery, both of which are to be provided for in the case of similar workers in the public corporations. Although we are fully aware of the practical difficulties inherent in giving such rights to these employees under present conditions in Japan, concession of these rights to industrial employees of the Government, who have enjoyed them until recently, should, in our opinion, broaden the basis of Japanese political support for the proposed legislation; conversely, permanent withdrawal of these rights would enable the Communists to propagandize this effectively in Japan and elsewhere in the world, and might weaken the influence of anti-Communist labor leaders in Japan (Section 2, para 1, your Z-24286 of Sept 27).

7. We understand that the provisions of the proposed National Public Service legislation recognize the rights of employees to form or join lawful employee organizations of their own choosing and to present grievances and negotiate through representatives (see para 8 below) with the proper authorities. We consider such provisions desirable as a matter of policy. In this connection, we believe we can successfully defend the limitation of rights for ordinary civil service employees to those stated in the first sentence of this paragraph. However, for your information, in light of the views expressed by some friendly FEC countries and by U.S. labor, you might want to consider further extension of collective bargaining rights and mediation and arbitration machinery provisions for ordinary civil service employees. In view of the fact that this extension goes beyond U.S. practice, it is recommended only if you decide that it would be advantageous, when conditions in Japan are considered.

8. Concern has been expressed over those sections of Articles 98 and 101 which limit employee representatives to those "from among persons in the service", who can perform such activities solely "on an occasional or intermittent basis requiring only a minor portion of an employee's time", as being too limiting and not providing adequate opportunity for responsible conduct of the affairs of these organizations. We understand fully the abuses which have occurred in this connection and your reasons for these provisions. It is felt, however, that the quoted passages should be deleted and provision made in the law for adequate representation either by employees or by others of their choosing; at the same time conferring upon the rule-making authority the power by regulations to prevent abuse of these rights.

9. Because of the peculiar nature of their functions as guardians of the public safety and order, which is recognized in general practice elsewhere, we fully concur in and expect no objection from other nations regarding provisions of proposed law relating to the police, fire, coast guard, penal institutions, etc., services. No exception has been taken to such provisions in previous Japanese legislation. We understand these provisions would not prevent such employees from joining mutual aid and similar benevolent societies.

10. The proposed National Public Service Law does not, but in our opinion should, make clear whether and to what extent it will be applicable to prefectural or local government employees, such as teachers.

11. Last sub-para of Article 1 of National Public Service Law implies that National Personnel Authority can take action by rules which would seem to nullify provisions of the law itself. This may be due to a mis-translation. Clarification of this sub-paragraph appears essential

to insure appropriate control of the Authority by the Cabinet and/or the Diet.

12. The terms of the proposed "National Negotiation Law for Public Corporations" appear to us to be excellent. However, question has been raised regarding "possible penal punishment" for employees resorting to "acts of dispute". U.S. legislation cited in urad C-63093 provides "forfeiture of Civil Service Status", etc. as maximum penalty for such acts.

13. We assume that the additional legislation with respect to public corporations will be enacted substantially simultaneously with the National Public Service Law and that your approval of National Public Service Law would be contingent upon the passage of the other laws. Please advise if otherwise.

14. We would appreciate information at your convenience as to the significance of the 1951 dates which appear in various places throughout the proposed legislation.

15. For your information in considering the above, the U.S. Delegation to the U.N. Assembly, in anticipation of possible presentation of this subject to Committee No. 2 of the U.N. General Assembly by another country, has just requested full background information covering all issues and positions taken by the various FEC countries on the controversy in question. If, as is probable, the Soviets make a propaganda issue of this question in the Assembly, it is of particular importance to the U.S. Delegation that it have the support of as many countries as possible. With this in mind, it is most expedient that the views and interests of friendly FEC countries on this problem continue to receive our close consideration.

16. This matter is receiving continuing close attention here. Your prompt reply to our last cable is greatly appreciated. Request you keep us informed of developments, including any material changes in this law and drafts of related proposed legislation when available.

17. Finally, we wish to repeat that all interested agencies of this Government believe you are achieving gratifying progress toward providing a lasting solution to a problem which has increasingly menaced political and economic stability in Japan.

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740.00119 FEAC/10-1248 : Telegram

*The Acting Secretary of State to the Acting Political Adviser  
in Japan (Sebald)*

CONFIDENTIAL

WASHINGTON, October 12, 1948—7 p. m.

357. Subject is Summary FEC Meeting, Oct 7, 1948. Interchange of Persons Between Japan and Other Countries for Cultural Purposes,



FEC-240/16. Position China and Philippines still reserved and USSR opposed. Chinese proposed deletion phrase "under this program" at end para 3. Item retained on agenda.

US member referred to Soviet statement on Level of Economic Life, stating his Govt has pointed repeatedly to mutually beneficial effects upon economic rehabilitation Far Eastern countries which may be expected from development Jap peaceful industry and enlargement Jap's foreign economic ties; that on Jan 21 this year he had stated to Commission US Govt expected take positive measures to bring about that objective; that his Govt welcomes any indication other member countries FEC have similar interest in realizing potential advantages to all member countries which may be expected from free and healthy development Jap trade and production for peaceful purposes.

USSR member referred to questions asked last meeting on his statement, answering that (1) when determining terms "war industry" and "war supporting industry" Soviet Del adheres to definitions these categories industry shown in FEC-084/21; (2) concerning sources of reparations Soviet Del's position re this question coincides with principles stated Potsdam Declaration, para 11; FEC-014/9 para 4; and FEC-084/21, para 1b; (3) concerning control over Jap industry Soviet Del considers establishment control with purpose preventing revival and creation Jap war industry should be discussed at peace conference and included in peace treaty; that at present time task of Allies is to ensure FEC-084/21 and FEC-059/3 are completely fulfilled and Soviet Del considers it necessary point out responsibility fulfillment these policy decisions is borne by SCAP.

US asked if Soviet Del envisaged control to take place after peace conference. USSR replied control machinery should be decided at peace conference. US asked which powers USSR considered "most interested in preventing a new Jap aggression". USSR postponed reply. Australian member sought to sound out USSR on attitude toward war supporting industries. No reply given this meeting.

No discussion on Labor Policy in Japan (FEC-318).

US position on Non-Japanese Civil Aviation in Japan submitted FEC and referred Committee 2 along with other outstanding amendments FEC 245/18.

Travel Outside Japan of Japanese Commercial Reps (FEC-293/8/11). Working committee, in effort reconcile Soviet and Chinese views, recommended to FEC following compromise wording of para 1c: "The specific travel authorized herein should be only that essential to raise Japan's foreign trade to a level consistent with her peaceful needs as defined by FEC and the number of Japanese commercial reps permitted to travel abroad should be similarly restricted." Action postponed.

FEC-242/32, Level of Economic Life in Japan and related items retained on agenda.

Re Suzuki, US member informed Commission his Govt has not as yet completed consideration of and action on questions arising from this incident. He stated, however, he was able inform Commission of 2 preliminary measures already taken by his Govt:

1. Re all Jap whose travel from Jap may be duly authorized by SCAP, SCAP has been informed of support currently being accorded by this Govt to pertinent provisions policy proposals now under consideration by Commission, specifically para 3 FEC-240/16 and para 1d, 293/8.

2. Re those Jap who will travel to US, this Govt is taking action insure they are advised exercise discretion making any addresses or statements or giving interviews of public character in order avoid such comment on policy matters as might be capable interpretation as propaganda activity.

LOVETT

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740.00116 PW/10-1848 : Telegram

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

Tokyo, October 18, 1948.

246. SCAP's legal section announced October 18 that it has completed the prosecution of one thousand suspected war criminals. These prosecutions are in addition to the trial of former Premier Hideki Tojo and his 22 colleagues arraigned as class A criminals before the International Military Tribunal for the Far East.

The one thousand-mark was reached last week on the completion of the case of United States versus Kakuzo Iida and seven other accused. This trial resulted in death sentences for two officers of the former Japanese Imperial Navy, and terms of from three years to life at hard labor for the remaining six co-defendants.

The trials which resulted in 916 convictions were held before USA Military Commissions in Yokohama and Manila. Japanese on trial in Manila for war crimes since May 1947 have appeared before Philippine Government courts.

Statistics regarding the trials follow: Death sentences 192, life sentences 80, 25-50 years imprisonment 68, 11-25 years 209, 6-10 years 144, 5 years or less 223, acquittals 84.

Highlights of the trials include sentencing of Lieutenant General Isamu Yokoyama and four others to hang, in the longest trials on record which lasted 5 months and 18 days in court.

The largest number of defendants tried at one time involved 46 officers and men of the former Japanese Navy. 41 of the defendants were sentenced to death.

For causing the death of an estimated 10,000 Filipinos and Americans in the Bataan death march, former Major General Yoshitaro Kawane and Colonel Kurutaro Hirano were sentenced to death.

Another trial involving comparable number of victims started in Yokohama, October 15, when six former generals were charged with contributing to the suffering of between 10,000 and 30,000 war prisoners shipped from the South Pacific to Japan.

Among the 1,000 tried were former Generals Yamashita and Homma, who were convicted and hanged for allowing their men to commit innumerable brutalities in the Philippines.

Sent Manila 52; repeated Shanghai 83, Nanking 51, Department 246.

SEBALD

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740.00119 FEAC/10-2248: Telegram

*The Acting Secretary of State to the Acting Political Adviser  
in Japan (Sebald)*

CONFIDENTIAL

WASHINGTON, October 22, 1948—6 p. m.

368. Meeting FEC, Oct 14, 1948. Travel Outside Japan of Jap Commercial Representatives (FEC-293/11). US member informed Commission that, at request US Govt, occupation authorities have taken steps caution all Jap authorized travel abroad that in interest their own country discretion should be used in public statements and press interviews avoid exciting suspicion they are engaging in propaganda activities. He noted this paper and FEC-240/16 contained provisions re propaganda activities Jap abroad and suggested if Commission passed these papers it would be doing great deal toward precluding recurrence incidents like Suzuki affair. Soviet amendments, set forth SC-293/7, defeated. Chi member suggested meaning para 1 *c* would be clearer if words "in FEC-106/1"<sup>1</sup> added. UK member stated he interpreted wording para 1 *c* to apply peaceful needs Japan as defined at any particular moment, and that he preferred phrase as is. USSR member asked postponement in view fact he had no instructions on new version para 1 *c* and would have ask his Govt for instructions on Chi amendment if formally introduced.

USSR member requested postponement FEC-240/16, Interchange Persons Between Japan and Other Countries for Cultural Purposes;

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<sup>1</sup> January 23, 1947, *Activities of the Far Eastern Commission*, report, p. 85.



FEC-277/16, Principles for Jap Farmers' Organizations; and FEC-319/2, Danish Reparations Claim.

Conduct Trade with Japan (FEC-273/19). Chi opposed; positions India and Phil reserved in absence instructions; position USSR reserved due unacceptability para 1 *c*.

Level Economic Life in Japan (FEC-242/32) and Soviet proposal (FEC-320). In reply UK inquiry re USSR views FEC-242/32, USSR stated that when Commission discussed FEC-242/32 he would present Soviet views and contended Soviet statement preceded consideration FEC-242/32. Re US question presented last meeting as to what powers USSR considered most interested in preventing new Jap aggression, he stated Soviet Del considered question should be decided at peace conference on principle 2nd para proposed policy decision. Re Australian question whether Soviet statement referred to facilities mentioned paras 2 and 3 FEC-084/21 or those para 5 that policy he replied Soviet Del agrees with definition categories of industries as stated FEC-084/21. Australian member did not consider this answer adequate and rephrased question to inquire meaning "war industries" and "peaceful industries" relative FEC-084/21. New Zealand, Chi, Canadian and UK members supported Australian inquiry. USSR member thought Australian question answered already but stated he would try have further explanation available next meeting. UK member observed he found it difficult discuss Soviet statement until USSR position FEC-242/32 clarified. He thereupon brought FEC-242/32 under consideration and asked for Soviet position. USSR member again reiterated contention discussion Soviet statement must precede discussion FEC-242/32. Chairman noted that next meeting he probably have make ruling whether FEC-242/32 or Soviet proposal should be considered first.

Labor Policy in Japan: French member made statement:

"The Soviet delegate in his statements and clarifications concerning the present labor policy in Japan has referred the Commission to Article 10 of the Potsdam Declaration and to the policy decision of the Commission, No. FEC-014/9 'Basic Post-Surrender Policy for Japan' of June 19, 1947.

"It is the view of the French Government that these two papers do not contain any positive evidence that could be called upon in order to request a reconsideration by SCAP of the latter's letter to the Japanese Premier dated July 22nd 1948.

"It seems clear, on the other hand, that the policy decision of the Commission, No. FEC-045/5 'Principles for Japanese Trade Unions' of December 6, 1946, in its provisions relevant to paragraph 4, does not apply to the official labor in Japan but only to trade union workers.

"Since, as shown by the above, the basic policy papers do not impose a solution to the problem now before the Commission, it would not be wise to cast any judgment in this matter in the light only of democratic principles when the case should be considered also in close re-

lation to the duties of the occupation. From this angle the responsible authorities for this occupation may maintain that any strike of the official labor in Japan would endanger order and security in that country and, therefore, the very objectives of the occupation.

"As a matter of fact, as long as Japan is under the terms of her surrender to the Allied Powers, it is true that certain political liberties can be denied her, should the higher objectives of the occupation be at stake. It is only when Japan will be freed from all obligations which are still restricting her sovereignty that it will be up to her to recognize or not the right of strike for official labor."

Phil member stated that considering issue FEC should not lose sight ultimate objectives occupation. He felt it unfortunate there no definite understanding applicability policy on trade unions to Govt workers but this need not be resolved in deciding what position take on Sov proposal for, even if it were assumed policy applied such labor groups, SCAP empowered take action under para 5 said policy.

NZ member expressed fear interim ordinance would tend become permanent. His Govt intensely interested in what happening in Japan. Because lapse time he felt may become necessary Commission consider not only whole complex subject but also interim ordinance.

USSR member formally introduced proposed policy decision on labor. Neth member associated himself with views French member, stated it his Govt's opinion SCAP, in issuing directive Jap Govt, never had in mind either formulate new policy on right strike or right collective bargaining, and SCAP had not violated any policy FEC. Item retained agenda.

LOVETT

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894.011/10-2548

*The Chairman of the Far Eastern Commission (McCoy) to the Assistant Secretary of State for Occupied Areas (Saltzman)*

WASHINGTON, October 25, 1948.

DEAR GENERAL: May I invite your attention to a commitment made by the Far Eastern Commission which obligates it to review the Japanese Constitution before May 7, 1949.

This commitment is contained in the FEC policy decision, Provisions for the Review of a New Japanese Constitution, passed October 17, 1946,<sup>1</sup> the second paragraph of which reads:

"In order that the Japanese people may have an opportunity, after the new constitution goes into effect, to reconsider it in the light of the experience of its working, and in order that the Far Eastern Commission may satisfy itself that the constitution fulfills the terms of the Potsdam Declaration and other controlling documents, the Commis-

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<sup>1</sup> FEC-031/40, *Activities of the Far Eastern Commission*, report, p. 67.

sion decides as a matter of policy that, not sooner than one year and not later than two years after it goes into effect, the situation with respect to the new constitution should be reviewed by the Diet. Without prejudice to the continuing jurisdiction of the Far Eastern Commission at any time, the Commission shall also review the constitution within this same period. The Far Eastern Commission, in determining whether the Japanese constitution is an expression of the free will of the Japanese people, may require a referendum or some other appropriate procedure for ascertaining Japanese opinion with respect to the constitution."

The Japanese Constitution went into effect on May 7, 1947. The period within which the Far Eastern Commission should review it therefore expires on May 7, 1949.

I do not propose to initiate this review in the Commission. Other members, however, may do so, since the subject has recently been under discussion by some of them, and the Commission has a standing committee on the Japanese Constitution. The leaders of the two Houses of the Diet, also, according to press reports, have recently agreed to appoint a joint committee to study the Constitution with a view to its possible revision.

Since it is probable that proposals for the amendment of the Japanese Constitution may shortly be made within the Diet or by members of the Commission, and thus become a subject of discussion in the Commission, it would appear to be in the interest of the United States to be prepared to state its views on any such proposals. Our Government itself may decide to suggest amendments of its own to the Japanese Constitution.

In view of this obligation on the Far Eastern Commission to review the Japanese Constitution before May 7, 1949, and the resulting obligation on the United States Government to participate in this review, may I query whether you might deem it advisable to initiate within the Department a study of the Japanese Constitution in order to determine the views of the United States as to its revision and as to any specific amendments.<sup>2</sup>

Sincerely yours,

FRANK R. MCCOY

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<sup>2</sup> In his acknowledgment of October 29, General Saltzman promised "steps towards determination of a U.S. position in the matter."

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740.00119 Control (Japan)/10-2648

*The Acting Secretary of State to the Executive Secretary of the  
National Security Council (Souers)*

TOP SECRET

WASHINGTON, October 26, 1948.

DEAR ADMIRAL SOUERS: You will recall that with the exception of its paragraphs 5, 9 and 20, NSC 13/2 ("Recommendations with Respect



to U.S. Policy Toward Japan") was approved at the meeting of the National Security Council on October 7, 1948.

Approval of paragraph 5 on the disposition of the Ryukyus was not given at that time as a result of a Joint Chiefs of Staff recommendation, contained in a memorandum dated September 29, 1948 to the Secretary of Defense, that not only the Ryukyus south of latitude 29° North but also Marcus Island and the Nanpo Shoto south of Sofu Gan be retained by the United States under long-term strategic control. The Joint Chiefs of Staff further recommended that this control be at least as explicit and firm as that which has been obtained under our strategic trusteeship for the ex-Japanese mandates.

Paragraph 5 is regarded by the Department of State as the firmest and most explicit statement that can be made at this time, since no arrangements for the disposition of former Japanese territories can be final until the Peace Treaty. However, this Department agrees with the Joint Chiefs of Staff suggestion that provision be made, presumably in NSC 13/2, for long-term U.S. strategic control of Marcus Island and the Nanpo Shoto south of Sofu Gan.

I am accordingly forwarding to you a revised paragraph 5 as an enclosure <sup>1</sup> to this letter. It is recommended that this revised paragraph be inserted in NSC 13/2 and approved by the Council as soon as possible.

Sincerely yours,

[ROBERT A. LOVETT]

[Enclosure]

TOP SECRET

NSC 13/1, "RECOMMENDATIONS WITH RESPECT TO U.S. POLICY  
TOWARD JAPAN"

Revised Paragraph 5.

5. ~~The Ryukyu Islands.~~ *The Ryukyu, Nanpo and Marcus Islands.*

The United States should make up its mind at this point that it intends to retain on a long-term basis the facilities at Okinawa *and such other facilities as are deemed by the Joint Chiefs of Staff to be necessary in the Ryukyu Islands south of 29° N., Marcus Island and the Nanpo Shoto south of Sofu Gan. and the base there should be developed accordingly.* The base on Okinawa should be immediately developed.<sup>2</sup> The United States agencies responsible for administering the *above-mentioned* islands should promptly formulate and carry out a program on a long-term basis for the economic and social well-

<sup>1</sup> This "agreed State-Army draft" was sent to the Acting Political Adviser in Japan by letter on October 29.

<sup>2</sup> In the text of a memorandum of November 5, 1948, which was approved by President Truman, this sentence had been revised to read: "The base on Okinawa should be developed accordingly."

being and, to the extent practicable, for the eventual self-support of the natives. At the proper time, international sanction should be obtained by the means then most feasible for United States long-term strategic control of the Ryukyu Islands south of latitude 29° degrees N., *Marcus Island and the Nanpo Shoto south of Sofu Gan.*

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740.00119 Control (Japan)/10-2748

*Memorandum by the Director of the Office of Far Eastern Affairs  
(Butterworth) to the Acting Secretary of State*

SECRET

[WASHINGTON,] October 27, 1948.

Subject: Implementation of NSC 13/2, "Recommendations with Respect to U.S. Policy Toward Japan".

There is attached for your signature a letter (Tab A) from you to Secretary Royall enclosing a series of telegrams to General MacArthur.<sup>1</sup> In the first six of these telegrams General MacArthur is requested to submit as a matter of priority his plans for implementation of the policy decisions coming within his field of responsibility in the NSC Japan policy paper approved by the NSC on October 7 and by the President on October 9. The seventh telegram contains detailed directions for the implementation of paragraph 13 of the NSC paper, the paragraph dealing with the purge. It is considered necessary in view of General MacArthur's refusal thus far to moderate the purge in any substantial degree, in the face of virtually unanimous opinion in Washington that the purge should be substantially modified, to provide him with an explicit directive clarifying and delineating this section of the NSC policy paper.

As stated in my memorandum to you of September 30,<sup>2</sup> many sections of NSC 13/2 to which this Department attaches great importance have been considerably watered down from the State Department's original proposals in the effort to obtain Army concurrence, and, as passed, represented the minimum which this Department could accept. Accordingly, it is essential that the paper be implemented to the fullest extent. The course of negotiations to date, however, indicates that the Army Department and SCAP may oppose prompt and forceful implementation of certain key sections, and I therefore believe it desirable for you personally to forward to Secretary Royall for transmission to General MacArthur the above-described telegrams.

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<sup>1</sup> See letter of November 10, p. 890.

<sup>2</sup> Not printed.

740.00119 FEAC/10-2848

*Statement by the Ambassador of the Soviet Union (Panyushkin)*STATEMENT BY THE SOVIET REPRESENTATIVE ON THE FAR EASTERN  
COMMISSION, OCTOBER 28, 1948

According to the reports of the U.S. press agencies from Japan, a secret military conference with Gen. MacArthur was held in Tokyo during the period of Oct 12-14. At this conference, according to the Associated Press report of Oct 15, there was discussed the question of increasing American occupation forces in Japan and that of preparing measures against a surprise attack on Japan, although it is known for everyone that nobody threatens Japan. The same report of the above-mentioned agency states that the U.S. military key officers have expressed great satisfaction with the fact that the former Japanese naval base in Yokosuka is being converted into a modern naval base, capable of serving large naval forces, which is in contradiction to the Cairo and the Potsdam Declarations as well as to the decisions of the Far Eastern Commission on the same subject.

Drawing attention of the FEC members to the above-mentioned reports and referring to the FEC decision "Basic Post-Surrender Policy for Japan" on June 19, 1947 (Part III-I Disarmament and Demilitarization), the Soviet Delegation considers it necessary that the U.S. representative on the FEC inform the Commission on the substance of this question.<sup>1</sup>

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<sup>1</sup>For reply on the same day, see memorandum of November 4, p. 887.

711.94/10-2848

*The Acting Secretary of State to the Executive Secretary of the  
National Security Council (Souers)*

TOP SECRET

WASHINGTON, October 28, 1948.

DEAR ADMIRAL SOUERS: You will recall that it is provided in NSC 13/2, "Recommendations With Respect to U.S. Policy Toward Japan", approved by the President on October 9, that recommendations on the subject of the Far Eastern Commission are to be submitted separately. Omission of the section on this subject from NSC 13/2 was necessitated by the inability of the State and Army Departments to reach complete agreement on certain language in the pertinent section in NSC 13/1.

I am now able to inform you that the enclosed draft paragraph on this subject proposed by the Department of the Army has been accepted by the Department of State. It is accordingly requested that



appropriate steps be taken to secure the Council's approval for the paragraph and to incorporate it in NSC 13/2.

Sincerely yours,

ROBERT A. LOVETT

[Enclosure]

TOP SECRET

AGREED STATE-ARMY DRAFT FOR INCORPORATION IN NSC 13/2

9. *Far Eastern Commission.* The United States Government should ensure for its own part, and urge upon other FEC member Governments, that ~~policy~~ proposals considered by the FEC be confined *strictly* to *policy* matters directly related to the fulfillment by Japan of its obligations under the Terms of Surrender, and be couched in broad terms leaving questions of *implementation and* administration to SCAP. The position of the United States should further be based upon the fact that ~~inasmuch as~~ these surrender terms, as envisaged by the Potsdam Declaration, have been substantially implemented; ~~the policy making functions of the FEC have in effect been substantially carried out.~~ On matters still within the purview of the FEC, such as civil aviation policy in Japan, the United States Government should seek to establish as promptly as possible firm United States positions and then adopt an aggressive and positive attitude, by direct discussions with FEC member Governments and by forceful backing in the FEC of policies desired by the United States. In matters of urgency, where it has become evident that, after efforts to achieve maximum international support, agreement cannot be promptly reached, we should not hesitate to use the interim directive. SCAP should also be encouraged to make greater use of his authority as sole executive for the Allied Powers, asking where necessary for the United States Government's views. On the other hand, the United States Government should not hesitate to render assistance to SCAP by elucidating its interpretation of previous directives and general policies, notably those appearing in the "Basic Post-Surrender Policy for Japan".<sup>2</sup>

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<sup>2</sup> President Truman approved the revised form of paragraph 9 on November 22. (Executive Secretariat Files)

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740.00116 PW/10-2948

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

RESTRICTED  
No. 697

Tokyo, October 29, 1948.  
[Received November 9.]

SIR: I have the honor to submit the following information in regard to the trials of former high ranking Japanese who have been held for

approximately three years on suspicion of having committed war crimes in Class A category as defined by JCS Directive No. 40, April 24, 1946.

On October 19, 1948, the Supreme Commander for the Allied Powers preferred charges in Class B and Class C categories against two of these Japanese, Admiral Toyoda Soemu and Lt. Gen. Tamura Hiroshi. Enclosed <sup>1</sup> are five copies of a press release issued by the Public Information Office of this Headquarters announcing these indictments.

On October 27, 1948, an order was issued by GHQ, SCAP, establishing Military Tribunals in Tokyo pursuant to the authority contained in the JCS Directive of April 24, 1946; five copies of this order, General Order No. 13, October 27, 1948, are enclosed. On the same date a further order was issued by this Headquarters constituting two Tribunals to sit in Tokyo; five copies of this order, Special Order No. 1, October 27, 1948, are enclosed. Also enclosed are five copies of a letter dated October 27, 1948, to Presidents of Military Tribunals prescribing the rules and regulations to govern trials before them. On October 27 a press release was issued by this Headquarters announcing the commencement of the trials of Toyoda and Tamura and describing the composition of the tribunals trying them; five copies of this press release are enclosed.

The indictments of Toyoda and Tamura are the first that have been returned against any of twenty-one former high ranking Japanese who have been detained as Class A war criminal suspects. The remaining nineteen are listed in enclosure no. 5. Officials of the Legal Section of this Headquarters state that indictments will be returned in the near future against a group—from eight to ten in number—of these remaining nineteen suspects; trial of this group for commission of Class B and Class C offenses will probably commence early in January 1949. Those suspects who are not indicted will probably be released for lack of evidence to support any charges.

Although there has been some doubt in Headquarters as to the extent of applicability to these trials of JCS Directive No. 40, which embodies a policy decision of the Far Eastern Commission (FEC-007/3, /4, April 3, 1946<sup>2</sup>), invitations have been sent to each of the Far Eastern Commission countries to nominate judges to sit on the tribunals trying Toyoda, Tamura, and the remaining group of suspects. It is the opinion of this Mission that the trials contemplated by General Order No. 1, October 27, 1948 (enclosure 2), are within the scope of JCS Directive No. 40 and that therefore the international character of these courts must be recognized as prescribed by the directive under reference. Accordingly this Mission has, in its capacity as the Diplomatic Section of this Headquarters, pointed out to other sections on-

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<sup>1</sup> Enclosures not printed.

<sup>2</sup> *Activities of the Far Eastern Commission*, report, p. 97.

cerned that these tribunals cannot be considered as United States military commissions but are international courts within the meaning of JCS Directive No. 40, even though they may be called "GHQ Military Tribunals".

Officials of the Legal Section have also stated informally that, except for the trial early next year of eight to ten war criminal suspects before a GHQ military tribunal, the last indictments by Occupation authorities in Japan against war criminal suspects were returned on October 31, 1948 and that no further indictments will be returned by these authorities against war criminal suspects. Enclosed are five copies of a press release issued by this Headquarters on October 28, 1948, announcing the final indictments by Eighth Army military commissions of Japanese war criminal suspects. This release states that remaining war criminal suspects will be tried by GHQ military tribunals in Tokyo; as indicated above it is therefore probable that only one more trial of Japanese war criminal suspects will be held in Japan. Also enclosed are five copies of a press release issued by this Headquarters on October 18, 1948 announcing completion of the prosecution in Manila and in Japan by the Legal Section, GHQ, SCAP, of 1,000 Japanese war criminal suspects, with results ranging from 84 acquittals to 192 death sentences.

Respectfully yours,

W. J. SEBALD

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740.00116 PW/11-148

*Memorandum by the Assistant Secretary of State for Occupied Areas (Saltzman) to the United States Representative on the Far Eastern Commission (McCoy)*

CONFIDENTIAL

[WASHINGTON,] November 1, 1948.

Subject: Trial of Japanese War Criminals (FEC-314 Series)

Superseding previous memoranda of October 11 and October 18<sup>1</sup> on this subject, you are advised and authorized as follows:

The U.S. Government is vitally interested in the expeditious conclusion of these trials, and is informed that SCAP is actively executing policy in this respect. Your Government therefore welcomes the proposal that the FEC take appropriate action on this matter. Specifically, the U.S. supports the French paper (C5-314/1) which was approved and referred by Committee No. 5 to the Steering Committee. This paper is particularly favored by the United States by reason of its character as a recommendation, which (1) establishes a firm principle of uniform application to all member countries concerned with the trials in question, (2) permits the minimum unavoidable variations of application, in consideration solely of the practical problems of ad-

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<sup>1</sup> Neither printed.



ministering national programs, and (3) appropriately respects the dignity of the judicial authorities concerned.

In supporting C5-314/1, you are requested to move again, as was moved by the U.S. Member in Committee No. 5, that the final paragraph be amended to read: "If possible, investigations in connection with offenses falling under paragraph 1 *b* and 1 *c* of the said policy decision should be completed before 31 December 1948, and all trials thereof should be concluded if possible before 30 June 1949," and that the last phrase of the next to the last paragraph be amended to read "should be concluded if possible before 31 December 1948." These amendments are desired by your Government on the ground that a "recommendation", though not mandatory in character should (1) set a firm standard for implementing authorities to follow, and (2) specify clearly in its text the nature of the flexibility of implementation which is regarded as acceptable. If a motion to this effect is defeated, you are requested, nevertheless, to continue to support C5-314/1 as drafted.

Should the question previously raised in Committee No. 5 be further pressed as to the jurisdiction of the FEC over American or other national military tribunals in Japan, you are authorized to state that, in the opinion of your Government, SCAP in providing for the trial of (*b*) and (*c*) war criminals by American military tribunals in Japan has executed policy established by the FEC. Although the trials are actually conducted by American authorities, the jurisdiction of the tribunals in respect to subject matter and the duration of such jurisdiction is as established by the FEC.

Despite the preference of your Government for a recommendation, should the Steering Committee prefer a *decision* concerning trials in Japan and a *recommendation* regarding trials elsewhere, you are authorized to accept such a proposal. Should the Committee appear to favor a "decision" only, you are requested to propose, if no other member does so, that there be also included a recommendation regarding trials elsewhere. If such a motion is defeated, you may support a decision alone. The acceptance of either a *decision and recommendation*, or a *decision* alone, should be subject, however, to the qualification of terminal dates for investigation and trials of (*b*) and (*c*) war criminals by the phrase "if possible", which qualification you are requested to propose as set forth above. Should the Committee appear reluctant thus to qualify the terminal dates for both investigations and trials, you are authorized to accept a proposal containing this qualification with respect to trials only. Your Government does not support the use of a literally mandatory date for the conclusion of such trials, and you are authorized to oppose any amendments to this effect.

Should a proposal be made to limit the application of the paper to SCAP's jurisdiction, you are requested to oppose such a limitation,

in the first instance. You are, however, authorized to accept such limitation provided that the discussion does not involve setting a precedent that the FEC cannot adopt a policy decision requiring implementation by authorities other than SCAP. You are further requested to take no position on any proposal not phrased as a "recommendation" which would purport to make the policy decision specifically applicable to trials outside SCAP's jurisdiction.

Should any proposal be advanced to incorporate language specifically granting to or withholding from SCAP, or any member country, discretion with respect to investigations of crimes or the conclusion of trials, you are requested to oppose any such specific language other than what may be implied in a phrase equivalent to "if possible".

If the question is raised as to whether SCAP should surrender to other countries at their request after the terminal date proposed for category (a) trials, persons charged with offenses of this category, you are requested to make no proposal regarding SCAP's responsibility in this respect, to oppose any amendment which would require the surrender of such persons, and to support, though not to introduce, any amendment which would terminate SCAP's responsibility for the surrender of such persons.

The Chinese Member may refer again, as previously in Committee No. 5, to Article 3 of SCAP's proclamation of January 19, 1946 establishing the International Military Tribunal for the Far East which states: "Nothing in this Order shall prejudice the jurisdiction of any other international, national or occupation court, commission or other tribunal established or to be established in Japan or in any territory of a United Nation with which Japan has been at war, for the trial of war criminals", and argue that this proclamation recognizes that (a) charges may be tried by a national tribunal. You are instructed to oppose such an argument, pointing out that the proclamation antedates the FEC policy decision of April 3, 1946, and that Paragraph 6 of the latter clearly provides that (a) charges are to be tried by an *international tribunal*. You should also point out the negative character of Article 3 of the proclamation quoted above, and emphasize that SCAP at that time took no position on the jurisdiction of other tribunals, which jurisdiction has since been defined by the FEC policy decision.<sup>2</sup>

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<sup>2</sup> In a memorandum of November 16, General McCoy was further instructed if questioned as to jurisdiction and status of military tribunals in Japan to explain as follows: "In the opinion of your Government, all functions involved in the investigation, apprehension and trial of suspected war criminals in Japan are the responsibility of SCAP. All occupation forces in Japan are under his command. The jurisdiction of any military tribunals in respect to war crimes trials in Japan is international, stemming from the international powers conferred on SCAP and from the Far Eastern Commission policy decision of April 23, 1946. The term 'national' as used in connection with the Eighth Army tribunals is purely and solely a descriptive term indicating the composition of the courts and not their legal nature." (740.00116 PW/11-1648)

If a question is asked as to the number of (a) suspects still in custody, you should reply that you understand that there are approximately 19 class (a) suspects still in custody, whose investigation on (b) and (c) charges is virtually completed.

CHARLES E. SALTZMAN

740.00119 FEAC/11-248 : Telegram

*The Acting Secretary of State to the Acting Political Adviser  
in Japan (Sebald)*

CONFIDENTIAL

WASHINGTON, November 2, 1948—4 p. m.

379. Subject summary FEC Meeting Oct 21, 1948. Travel Outside Japan of Jap Commercial Representatives (FEC-293/11) : Commission voted down Sov amendment para 3 that words fol "Commission" be deleted and accepted UK compromise controversial phrase be deleted but "and the extent thereof" be inserted after "herein". UK and US assured Chi who favored retention phrase it was their understanding UK suggestion included "number" of Japanese travelling abroad. Paper as amended approved by vote 10 in favor with USSR abstaining.<sup>1</sup> Chi, Phil, Australian members recorded understandings into minutes. Chi stated in view clarification UK amendment by UK and US he was able support paper. Also his understanding phrase "peaceful needs as defined by FEC" referred to peaceful needs as defined FEC-106/1<sup>2</sup> and other relevant policy decisions. Phil member stated his Govt felt reluctant approve travel Jap abroad before peace conference. However, was prepared support paper with understanding recorded by Chi member. However, he pointed out devastation committed by Jap was still fresh in minds Filipinos and anti-Jap feeling prevalent in Philippines does not warrant admission Jap. Notwithstanding his approval, Phil Govt would not allow Jap enter Philippines. Australian member supported view Chi and Phil members. Recalling early apprehension his Govt Jap travelling abroad, he added his Govt would support paper but would continue exercise vigilance over Jap going abroad. Indian member stated was view his Govt time had come when no longer desirable place undue restrictions on Jap. He emphasized need for self-supporting Jap subject to overriding consideration she not again become menace to world. In this connection favored more liberal policy than one adopted.

Interchange Persons Between Japan and Other Countries for Cultural Purposes (FEC-240/16) : USSR amendment which would

<sup>1</sup> For text of October 21, see *The Far Eastern Commission*, 2d report, p. 36. This was sent in directive serial 94, November 4, to SCAP (copy to the Far Eastern Commission on November 18).

<sup>2</sup> January 23, 1947, *Activities of the Far Eastern Commission*, report, p. 85.



have had effect permitting propaganda activities defeated. Chi in view US opposition deletion phrase "under this program" at end para 3 stated willingness accept phrase "under the program". Change accepted by Commission. Motion had been made approve paper when Indian member inquired if paper included travel Jap technicians to other countries and stated he could accept paper if there was such understanding but would request postponement vote if there was not. No agreement among members on interpretation and vote postponed.

Because of his ruling FEC-242/32, Level Economic Life in Japan: Policy Towards Jap Industry, had priority and was independent of Sov proposal, Chairman rec'd Sov statement and proposed policy decision on Level Economic Life in Japan for circulation members for later consideration.

LOVETT

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740.00119 Control (Japan)/9-248

*The Acting Secretary of State to the Australian Ambassador (Makin)*

WASHINGTON, November 3, 1948.

EXCELLENCY: I have the honor to acknowledge receipt of your note No. 328/48 of September 2, 1948, referring to your note of May 7, 1948,<sup>1</sup> concerning the proposal of the Australian Government to reduce the Australian contingent of the British Commonwealth Occupation Force by December 31, 1948.

The Department of the Army was notified of your latest communication and on the basis of information received from the Secretary of the Army it is requested that the Australian Government give favorable consideration to maintaining in Japan a British Commonwealth force equivalent to one United States infantry division (less one regimental combat team) plus necessary service troops, at least until such time as it may be determined that a substantial reduction may be made in the occupation forces.

The Government of the United States, while appreciating Australia's recruiting difficulties, feels that steps might be taken either to overcome them or to modify current plans for deployment of the regular forces in order to maintain Australia's participation in the united security effort in the Pacific-Far Eastern area. In view of our own very extensive military commitments not only in Japan but throughout the world, the Government of the United States cannot subscribe to this proposed further reduction of the British Commonwealth forces in Japan.

It is recognized that the MacArthur-Northcott agreement provides that the British Commonwealth Occupation Force may be withdrawn

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<sup>1</sup> Neither printed.

wholly or in part upon agreement between the United States and the Australian Governments upon six months' notice by either party. If the Australian Government furnishes the United States Government firm notice of the reduction of the Australian contingent, the Supreme Commander for the Allied Powers will be advised through the Department of the Army to redeploy United States forces then in Japan as may be necessitated by the reduction in the strength of the British Commonwealth forces.

Accept [etc.]

[ROBERT A. LOVETT]

740.00119 Control (Japan)/11-448

*Memorandum by the Assistant Secretary of State for Occupied Areas (Saltzman) to the United States Representative on the Far Eastern Commission (McCoy)*

WASHINGTON, November 4, 1948.

With reference to the statement made by the the Soviet Ambassador to the Far Eastern Commission on October 28 and given to the press, you may desire to use the following press statement, released by the Department of State on October 28, as an answer to the Soviet statement:

"With regard to the statement by the Soviet Ambassador before the Far Eastern Commission on October 28 and given to the press, it should be pointed out that General MacArthur, as a top U.S. Commander, holds conferences in Tokyo with high United States military officers from time to time and these are purely routine matters of sole concern to this Government.

"With respect to the allegation that the former Japanese naval base at Yokosuka is being converted into a modern naval base, it may be stated categorically that this is not true. This base has been used from the beginning of the occupation by the United States naval forces supporting the objectives of the occupation—which it is both necessary and proper for them to do. Accordingly, the implication that the Far Eastern Commission decision on the Basic Post-Surrender Policy for Japan is being violated is wholly without foundation."

CHARLES E. SALTZMAN

894.00B/11-948

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

CONFIDENTIAL  
No. 716

TOKYO, November 9, 1948.  
[Received November 23.]

SIR: I have the honor to refer to this Mission's despatch No. 709 of November 4, 1948 <sup>1</sup> concerning Japanese reactions to the communist

<sup>1</sup> Not printed.

capture of Mukden. The fall of Mukden and increasing communist activity throughout the Far East have caused the Japanese to reconsider the significance of the communist movement in Japan, and special attention has been directed toward the strong communist positions in Hokkaido and Kyushu, the two extremities of postwar Japan which are closest to the Asiatic mainland.

Shortly after the communist party was revived in Japan following the surrender, communist activity in Hokkaido became particularly noteworthy. Since 1945 party membership in Hokkaido has been conspicuously high, especially in terms of the relatively small population of the island and its predominantly rural character. As of January 1948, on the basis of information compiled from a number of reliable sources, it was estimated by this Headquarters that there were five thousand party members in Hokkaido. There are very likely ten thousand or more at present. In January 1948, however, party membership in Hokkaido represented 8.1 percent of the estimated total of 61,550 party members throughout Japan. Hokkaido membership came second after Tokyo's 8,500 (13.8 percent), and was followed by Osaka's 4,500 members (7.4 percent of the total).

As of January 1948 the same careful estimates of the combined communist membership for the seven prefectures of Kyushu was 4,800 of which two thousand alone were concentrated in Fukuoka Prefecture. Kyushu communists represented 7.9 percent of the party's total membership.

The significance of communist strength can best be measured in terms of the ratio of party membership to the total population. Assuming a population of 78 million, there was in January 1948 one communist party member for every 1,267 Japanese. In Hokkaido, with a population of 3,852,850, the ratio was 1 to 770; in Tokyo, with a population of 4,997,666, the ratio was 1 to 588; and in Osaka, with a population of 3,335,515, the ratio was 1 to 741. The combined population of the seven prefectures of Kyushu is approximately 11,399,000 and the communist ratio in this area as of January 1948 was only 1 to 2,362, which is a much smaller ratio than the national average.

The communist position in Hokkaido has combined a relatively high membership with intensified party activity which in the case of the recent job desertion tactics during the railway dispute led to a large number of arrests and numerous incidents of violence. The communist party in Hokkaido is exceedingly well organized under Mr. Hasegawa Hiroshi, veteran party member, as the regional organizer. For the most part Hokkaido communists are of the "hard core" type.

Shortly before the government railway workers commenced agitation in September against revision of the National Public Service Law,



which was featured by widespread job desertions which threatened to disrupt railway traffic in Hokkaido, a number of top communist leaders, including Mr. Nosaka Sanzo, visited the northern island. The close attention paid by party leaders to Hokkaido has been widely interpreted as evidence that the communists have a special mission in this area.

Hokkaido is also an important center of party espionage activity and more information concerning the covert, subversive side of the party's work has come from Hokkaido than from any other part of Japan. Recent reports indicate that the Hokkaido communists are waging an intensive psychological warfare campaign designed to stress how easily Soviet forces can seize this island in the event of war, and that the people had best align themselves with the communist cause before the Soviets take over.

Most well informed Japanese are fully cognizant of the comparatively strong position the communists occupy in Hokkaido, their exceptionally aggressive spirit, and the nature of their demoralizing propaganda. Accordingly, it is not surprising that continued Soviet-American tension and the spectacular communist gains on the continent have caused the Japanese to look to their northern island with increasing concern.

How much the problem of Hokkaido has come to occupy Japanese attention can be seen in the fact that the October, 1948 issue of three magazines devoted articles to communist activity in the island. *Hokkai Keizai Shimpō* contained two articles which described in detail the activities of communist agitators and fractions in connection with the government railway dispute and communist activity among the Hokkaido coal miners. The magazine *Kaizo* gave an account of the Hokkaido labor movement and attempted to explain its pronounced communist character. Finally, the very anti-communist monthly *Sempu* (this Mission's despatches Nos. 450 and 554 of July 20, 1948 and August 25, 1948,<sup>2</sup> respectively) in an article dealing with the railway dispute in Hokkaido charged that Japan is faced with a "revolution from the north."

The situation in Kyushu differs considerably from that in Hokkaido, but there are nevertheless disturbing similarities. Communist party membership in the island is small, but this has been offset by the able leadership of Mr. Konno Yojiro, the party's regional organizer. As a result, the party in Kyushu is exceedingly well organized on the basis of the so-called Konno system, which has enabled this small minority to carry on effective labor agitation in the vital coal mines and the steel industry of the island.

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<sup>2</sup> Neither printed.

While there has been infiltration of Soviet agents into Hokkaido, primarily for espionage purposes, Kyushu appears to be the principal point of liaison with continental communists. In this connection, it is of special significance that one of Mr. Konno Yojiro's principal duties as regional organizer in Kyushu is the coordination of Japanese communist and Korean activities. For these reasons, Kyushu, like Hokkaido, has come to occupy an important place in communist strategy, the full significance of which is becoming of more and more concern to most Japanese.

Hokkaido's newly-acquired proximity to Soviet-held territory has brought to the Japanese people a far more convincing communist specter than any bogey the pre-war militarists were ever able to devise. Parts of the Kuril Islands and southern Sakhalin are clearly visible from Hokkaido, and frequent seizures of Japanese craft by Soviet patrol authorities during this year's fishing season have served to remind the Japanese that the power of the Soviet Union now extends almost to the shores of the Japanese home islands (this Mission's despatch No. 706 of November 2, 1948<sup>3</sup>). The communist uprisings in South Korea, followed by the red victory in Manchuria, have also demonstrated to the Japanese that the home island of Kyushu is comparatively close to another center of communist power.

Respectfully yours,

W. J. SEBALD

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<sup>3</sup> Not printed.

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740.00119 Control (Japan)/11-1048

*The Acting Secretary of State to the Secretary of the Army (Royall)*

SECRET

WASHINGTON, November 10, 1948.

DEAR MR. SECRETARY: I am writing in reference to the implementation of NSC 13/2, "Recommendations with Respect to U.S. Policy Toward Japan", approved by the President on October 9.

There are enclosed a series of telegrams<sup>1</sup> which it is requested be transmitted to General MacArthur at the earliest possible moment. The first six of these telegrams request General MacArthur to submit as a matter of priority statements of his plans for implementation of paragraphs 3, 7, 8, 14, 17a, and 17c of the NSC paper coming within his field of responsibility. Such statements are necessary so that the plans may be reviewed under the coordination of the Secretary of State to determine whether they provide for full and prompt execution of the President's policy directive, and to enable the Secretary to advise the

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<sup>1</sup> Not printed.

Council at appropriate intervals, as required by paragraph 2c of NSC Action 123, of the steps taken or projected under the directive.

The seventh telegram contains detailed directions for the implementation of paragraph 13 of NSC 13/2 dealing with the purge.

I will be communicating with you shortly regarding implementation of appropriate sections of NSC 13/2 not dealt with above.

Sincerely yours,

ROBERT A. LOVETT

694.0031/11-1048 : Telegram

*The Acting Secretary of State to the Acting Political Adviser  
in Japan (Sebald)*

CONFIDENTIAL

WASHINGTON, November 10, 1948—6 p. m.

389. Subj summary FEC meeting, Nov 4, 1948. Conduct Trade with Japan (FEC-273/19) : Long discussion para 1b(2) finally resulted Chi and USSR acceptance fol wording: "in order that Japan may participate in providing goods for international trade." USSR introduced fol amendment para 1c which had been defeated in Steering Committee: "Insure competitive conditions in trade free of contracts and arrangements which limit access to markets or foster monopolistic control; to oppose excessive concentration of economic power; to oppose encouragement and revival of Japanese monopolies in foreign trade whether with the participation of Japanese or foreign capital." USSR pointed out first three words his proposal covered phrase "restrict competition" which he proposed delete. US member accepted deletion phrase but could not accept changes rest para. Compromise accepted by USSR. Chi inquired if cartels, price fixing, other unfair practices which were covered by phrase "restrict competition" covered in Sov proposal. US stated was his understanding concept "restricting competition" covered by opening phrase "to insure competitive conditions". View Chi objection para 9, vote on paper postponed.

Soviet Proposal Re Level Economic Life in Japan (FEC-320) : USSR referred queries as to terminology his statement and stated Sov Del proposes [*proposals*] proceed from FEC policy decision Reduction of Jap Industrial War Potential. Added :

"Thus, war industry ought to include that group of facilities which was defined in that paper as 'primary war facilities' as well as that defined as 'secondary war facilities'. The industries enumerated in the category of 'war supporting industries' should be permitted to the extent necessary for the satisfaction of peaceful non-military needs of Japan. The remaining facilities and industries may be included in the category of 'peaceful industry'."



NZ stated his Govt bound by Potsdam, Basic Surrender Policy and FEC-084/21. Noted (a) unless and until FEC fixes specific levels referred to FEC-084/21, task carrying out industrial disarmament Japan has not been completed, and (b) no suggestion any of these policies any limitation be imposed on development Japan's peaceful industries. Therefore, para 1 USSR proposal unnecessary. Re first part para 2 Sov proposal, NZ questioned what was meant by "war industry". Thought rest of para may or may not be within provisions FEC. Re Jap war industry, NZ Govt believes large proportion Jap industry was never used for peaceful production and has consistently supported policy this excess productive capacity in Jap industry should be removed from Japan as security measure and distributed as reparations. Re controls to be provided for in peace treaty, no restriction should be imposed industries which neither primary war nor secondary war facilities nor key war-supporting industries. Controls should bear only on certain key war-supporting industries. Production certain goods such as light metals, synthetic oil and synthetic rubber, which have strategic importance might have to be entirely forbidden. Production and productive capacity other key industries such as iron and steel, possibly oil refining and storage, should be limited defined levels determined after consideration Japan's legitimate peaceful needs. Special security restrictions may be required Japan's shipbuilding, civil aviation. NZ added subject his Govt's view definition "war industry" appears para 2 Sov proposal in principle accords with policy long held by NZ Govt. Urged consideration Sov proposal should not interfere with prompt, urgent disposal FEC-242/32.

LOVETT

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740.00119 FEAC/12-848

*Memorandum of Conversation, by Mr. Frank D. Collins of the  
Division of South Asian Affairs*<sup>1</sup>

CONFIDENTIAL

Participants: Mr. Baig, Counselor of Pakistan Embassy  
Mr. Farookhi, Commercial Secretary,  
Pakistan Embassy  
Mr. Bishop,<sup>2</sup> NA  
Mrs. Dunning, NA  
Mr. Collins, SOA

Time and Place: Mr. Bishop's office, November 17, 11:00 a. m.

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<sup>1</sup> Dated December 8.

<sup>2</sup> Max W. Bishop, Chief of the Division of Northeast Asian Affairs.

Mr. Baig, in previous conversations regarding Pakistan's application for admission to the FEC, had brought up the question of the interpretation of the terms of reference and called attention to page 12, Department of State Publication No. 2448, "Moscow Meeting of the Foreign Ministers, December 16-26, 1945. Report by James F. Byrnes, Secretary of State—and Soviet Anglo-American Communiqué". Because of doubts with respect to the way the terms of reference were being interpreted by the Pakistan Government it was suggested that Mr. Baig come to the Department for an informal conversation regarding this subject.

Mr. Collins indicated the interest of the Pakistan Embassy in the application of the GOP for membership in the FEC and drew attention to the rather long delay which was being encountered and the current interest regarding the interpretation of the terms of reference. Mr. Baig then reviewed the developments since the initial request by the GOP for application to FEC and remarked that the FEC has indicated that they could not consider the application sitting as a body but that the views of each participating government must be sought. Mr. Baig then drew attention to the terms of reference as outlined on page 12 of the reference publication and indicated that he interpreted the following statement: "The membership of the Commission may be increased by agreement among the participating Powers . . ."<sup>3</sup> to mean agreement by majority and not unanimous agreement. In support of this he cited the US Supreme Court decisions which carry by majority agreement. Mr. Bishop pointed out that this phrase had been generally interpreted by the Member governments of the FEC to mean "unanimous agreement".

The other point in question arose over the interpretation of the following: "The Commission may take action by less than unanimous vote provided that action shall have the concurrence of a majority of all the representatives including the representatives of the four following Powers, United States, United Kingdom, Union of Soviet Socialist Republics and China." Mr. Baig interprets this to mean a majority of the above Four Powers. In reply it was pointed out that this provision referred to policy action to be taken by the FEC as a body and did not refer to the enlargement of the membership of the FEC; in this connection it was also indicated that the interpretation as currently accepted by all the eleven members of the FEC was that unanimous approval was required by the four Big Powers and only a majority of the entire membership (including the four Big Powers). It was further pointed out that this clause is the basis for the current veto which has been used by the Big Powers on policy matters which

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<sup>3</sup> Omission as indicated in original.

have come up before the FEC. In reply to this Mr. Baig indicated that this statement comes under the heading "composition", which would imply that it was dealing with a question of membership and that in any event the veto was not applicable since membership was being considered not by the FEC itself but by the individual governments which happen to be represented on the FEC.

In summarizing the efforts of the Department in presenting Pakistan's request for admission to FEC, it was mentioned that the US Representative on FEC proposed two procedural steps, the first of which was rejected by the Soviet Ambassador; and on the second proposal the Soviet Ambassador indicated he had not received instructions from his Government. Mr. Baig had mentioned that the Pakistan Embassy had addressed a note to the Soviet Ambassador approximately six weeks ago regarding their application to FEC and that no reply had been received.

Mr. Bishop indicated that he would be glad to look further into the question of the interpretation of the terms of reference and, speaking off the record, that he would see what possibilities there might be for bringing into renewed consideration the application of Pakistan.<sup>4</sup>

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<sup>4</sup>On January 19, 1949, the Department sent notes to the diplomatic missions of the Governments represented on the Far Eastern Commission to request their agreement to Pakistan's admission as a member, and the Pakistani Ambassador (Ispahani) was so informed in writing on January 31, 1949. (740.00119 FEAC/11-1748)

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740.00119 FEAC/11-1848: Telegram

*The Acting Secretary of State to the Acting Political Adviser  
in Japan (Sebald)*

CONFIDENTIAL

WASHINGTON, November 18, 1948—1 p. m.

394. Meeting Steering Committee Nov 9 cancelled. Fol summary FEC meeting Nov. 11:

Conduct of Trade with Japan (FEC-273/19): Chi requested postponement vote until he had instructions on para 9.

Level of Economic Life in Japan: Policy Towards Japanese Industry (FEC-242/32): Policy Towards Japanese Shipbuilding and Shipping (FEC-297/10). US and USSR members pressed for position their Govts on these papers.

Soviet Proposal Re Level of Economic Life in Japan (FEC-320): US member read fol statement:

"I have noted the various statements on the subject of FEC-320 made by the Soviet Amb before the Far Eastern Commission. I have also noted his statements released to the press. In the light of the resolution by the Soviet rep and the ensuing discussions in the Com-



mission, it appears to me desirable at this juncture to state the views of my Govt on this matter.

"As will be recalled, the Allies and the Far Eastern Com have on several occasions announced policies dealing with primary and secondary war facilities and, in principle, war-supporting industries. Insofar as the peaceful economy of Japan is concerned, the US, you will recall, has never expressed the view that restrictions should be placed on peaceful Japanese production. On the contrary, the US has repeatedly advocated measures which would have the effect of stimulating the early revival of the peaceful Japanese economy. For example, it will be recalled that the basic position of my Govt on this matter was summarized as far back as Jan 21 of this year when I said to this Commission:

"My Govt believes that the Japanese Govt and people, the Far Eastern Com and its member states, and the Supreme Commander . . .<sup>1</sup> should take all possible and necessary steps, consistent with the basic policies of the occupation, to bring about the early revival of the Japanese economy on a peaceful, self-supporting basis.'

"It would be highly inconsistent for my Govt to take any other view when at the same time it is pursuing in other parts of the world programs designed primarily to alleviate suffering and to bring about economic revival. We are making great efforts to contribute, in co-operation with other nations, to the raising of economic well-being and to bring about economic revival wherever possible.

"Accordingly, we welcome that part of the statement of the Sov representative which draws attention to the need for an early Japanese revival and which indicates support for the policies of the US Govt.

"The second Sov proposal, as explained by the Sov rep, calls for the establishment and exercise of international controls over war industries in Japan after the treaty of peace comes into effect. Determination of post-treaty arrangements, as the Commission is aware, falls outside its terms of reference. I am certain that you are fully aware how thoroughly the demilitarization of Japan has been carried out. It should be unnecessary to reiterate that the US is determined that Japan not again be able to undertake aggression.

"In conclusion it is the view of my Govt that the Sov resolution would serve no useful purpose, would in substance only reiterate Far Eastern Com and Allied policy decisions of long standing and would in part be beyond the competence of the Far Eastern Com."

UK member stated view his Govt first portion Sov proposal represented set of generalities which at this stage were insufficiently helpful and second portion, viewed in context introductory clauses statement, was outside competence FEC. Neth, Phil members indicated agreement US, UK positions. Australian, Indian members awaiting instructions.

Labor Policy in Japan (FEC-318): US member announced draft Natl Publ Service Law which would be presented Diet would be

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<sup>1</sup> Omission as indicated in original.

circulated members Commission. USSR member referred statements made by French, Phil reps Oct 14 that action Gen MacArthur did not contradict Potsdam, FEC-014/9, FEC-045/5, and pointed out were no foundations for such assertions. In his view such statements absolutely incorrect. Alleged hundreds of workers arrested only because they were trying get their rights provided for them by Allies. Concluded FEC itself should defend its decisions.

Reparations Removals: Accessory Facilities, Buildings, Technical Data (FEC-299/5): Chi proposed para 2 be revised read as fol:

"Those structures or portions of such plants or establishments including equipment accessory thereto which by virtue of initial design or construction can be economically dismantled and re-erected and which, in the opinion of the SCAP, are not required for purposes of the occupation or for Japan's peaceful needs as defined by the FEC should be made available for reparations."

Noted that in drafting para his del Tokyo had ascertained views SCAP technical experts.

Soviet Statement Re Press Reports of Military Conference in Japan (FEC-322): USSR member expressed dissatisfaction statements issued by State Dept and in Tokyo in answer Sov statement Oct 28. USSR also referred to press report appearing *New York Times* Oct 30, datelined Tokyo, which referred to Alaska and Honolulu as being MacArthur's flank and rear. Added was not difficult surmise where front was. In reply US member pointed out Commission should try to be reasonable where newspaper speculation was concerned.

LOVETT

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894.001 Hirohito/11-1848: Airgram

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

SECRET

TOKYO, November 18, 1948.

[Received December 1—11:10 a. m.]

A-229. Mr. Terasaki Hidenari, an adviser to the Emperor of Japan, called upon me at his request today and informed me for my private information that the Emperor of Japan had, on November 12, 1948, written to General MacArthur to the effect that he has decided definitely not to abdicate notwithstanding the sentences imposed upon the major war criminals by the International Military Tribunal for the Far East.<sup>1</sup>

SEBALD

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<sup>1</sup> The sentences were announced November 12; see despatch 743, November 23, from Tokyo, p. 898.

*Editorial Note*

In a letter of November 29, 1948, to the Secretary of State, not printed, the Apostolic Delegate in the United States, Amleto Giovanni Cicognani, Archbishop of Laodicea, presented an appeal from Pope Pius XII for the commutation of the sentences of those prominent Japanese leaders who had been condemned to death by the International Military Tribunal of the Far East for war crimes. The Apostolic Delegate requested that the Pope's appeal be made known to General MacArthur (740.00116 PW/11-2048).

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740.00116 PW/11-2248 : Airgram

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

SECRET

TOKYO, November 22, 1948.

[Received August 4, 1949.]

A-232. Reference is made to the Department's telegram 399, November 20, 10 p. m.,<sup>1</sup> on the subject of a statement to be made at the consultation meeting with the Supreme Commander for the Allied Powers scheduled for 11:30 a. m. today.

After due consideration of the Department's opinion and advice as contained in the reference telegram, including a discussion with General MacArthur, I made the following statement: "I have no change to recommend."

For the Department's information, the recommendations of the Representatives in Tokyo of the Far Eastern Commission nations may be summarized as follows:

Australia, represented by Mr. Patrick Shaw: No change, but would be content with any reductions made in sentences.

Canada, represented by Dr. E. Herbert Norman: Would not be opposed to any reductions of sentences.

China, represented by General Shang Chen: No change.

France, represented by Lieutenant General Zinovi Pechkoff: Officially recommended no change, but filed a personal plea recommending clemency.

India, represented by Mr. B. N. Chakravarty: All death sentences to be commuted to life imprisonment.

The Netherlands, represented by Baron Lewé van Aduard: Favored mitigation of sentences, particularly in the cases of Umezumi and Hata, to be reduced to 10 years' imprisonment each; Shigemitsu, to be reduced to two and one-half years' imprisonment, dating from the ar-

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<sup>1</sup> Not printed.



raignment; Togo, to be reduced to 10 years' imprisonment; Hirota, to be commuted to life imprisonment.

Philippines, represented by Dr. Bernabe Africa: No change.

U.S.S.R., represented by Lieutenant General Kuzma N. Derevyanko: No change.

United Kingdom, represented by Sir Alvary Gascoigne (who also spoke for New Zealand): No change.

The Supreme Commander afforded each representative ample opportunity to make any comments or recommendations which might be appropriate, but the entire meeting lasted only approximately thirty minutes.

SEBALD

740.00116 PW/11-2348

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

No. 743

TOKYO, November 23, 1948.

[Received December 6.]

SIR: I have the honor to forward<sup>1</sup> as an accompaniment a single copy of the judgment of the International Military Tribunal for the Far East; the judgment includes a determination of the applicable law, a discussion of the facts, findings, and verdicts. The sentences were not made part of the judgment. The four separate opinions by the President of the Tribunal and members from the Philippines, France, The Netherlands, and India, are also forwarded in single form. Five copies of a press release issued by this Headquarters in summary of the Tribunal's judgment are forwarded. Additional copies of the judgment and opinions will be forwarded when available.

Indictments were returned against twenty-eight major Japanese war criminal suspects on April 29, 1946; the judgment was read in open court from November 4 to November 12, 1948; and the sentences were read on November 12, 1948. The Tribunal sentenced seven of the accused to death by hanging—Doihara, Hirota, Itagaki, Kimura, Matsui, Muto and Tojo; sixteen were sentenced to life imprisonment—Araki, Hashimoto, Hata, Hiranuma, Hoshino, Kaya, Kido, Koiso, Minami, Oka, Oshima, Sato, Shimada, Shiratori, Suzuki and Umezu. Togo was sentenced to twenty years imprisonment and Shigemitsu to seven years imprisonment. Two of the accused, Matsuoka and Nagano, died during the trial, while Okawa was declared unfit to stand trial.

A brief summary of the judgment follows.

*Establishment and Proceedings of the Tribunal.* The international authority empowering the Supreme Commander for the Allied Powers

<sup>1</sup> Enclosures not printed.

to establish the Tribunal was described: the Cairo Declaration, the Potsdam Declaration, the Instrument of Surrender, the Agreement of the Moscow Conference of Foreign Ministers in 1945, and a directive from the United States Government later incorporated in a Far Eastern Commission policy decision. Pursuant to this authority the Supreme Commander established the Tribunal in January 1946 and approved its Charter.

The judgment summarized the fifty-five counts of the indictment and noted several of the major problems confronting the Tribunal such as the extensive field of time and place involved, language difficulties, and decisions in respect to evidence submitted.

*The Law.* The Tribunal held that the law of the Charter was decisive and binding on it and that the exercise by the Allied Powers of the right to create tribunals with certain powers to try and punish war criminals was within the limits of international law.

The Tribunal relied on the opinion of the International Tribunal at Nuremberg to dispose of four defense challenges to its jurisdiction;

1. The defense argued that there is no authority to adjudicate "crimes against peace". The Tribunal answered that the Charter of the Nuremberg Tribunal, which was virtually identical with that of the Tokyo Tribunal and which included counts in regard to aggressive war, was not an arbitrary exercise of power but was the expression of international law existing at the time of its creation.

2. The defense argued that aggressive war is not *per se* illegal and that the Pact of Paris of 1928 does not constitute war a crime. In answer it was stated that the renunciation of war as an instrument of national policy by nations signatory to the Pact of Paris necessarily involves the proposition that such a war is illegal in international law and those who plan and wage such a war are committing a crime in so doing.

3. It was argued that war is an act of a nation not involving individual responsibility. The Tribunal answered that representatives of a state are not protected by their official position from punishment of acts condemned as criminal by international law.

4. The defense claimed that the provisions of the Charter were *ex post facto* legislation and therefore illegal. The Tribunal replied that the principle "No crime if there is no law" is a principle of justice, not a limit on sovereignty, and that it would be unjust not to punish those who in defiance of treaties have attacked neighboring states without warning.

The defense adduced three additional challenges to the Tribunal's jurisdiction which the Tribunal considered of a substantial nature:

5. That only Conventional War Crimes as recognized by international law at the date of the Potsdam Declaration (July 26, 1945) could be prosecuted. The Tribunal held that aggressive war was a crime in international law long before the date of the Potsdam Declaration and noted that the Japanese Government was aware of this.

6. That killings during a war are the normal incidents of war and are not murder except where they are in violation of the rules of warfare or the laws and customs of war. The Tribunal postponed its decision of this issue but ultimately held that the count in the indictment for murder could be included in the counts for waging aggressive war; the count for murder was not rejected.

7. That four of the accused were prisoners of war and hence triable by courts-martial as provided by the Geneva Convention of 1929 and not by the Tribunal. The Tribunal relied on the opinion of Chief Justice Stone of the United States Supreme Court in the case *In Re Yamashita* holding that the relevant provisions of the Convention applied only to offenses committed while the defendant was a prisoner of war. Thus it was held that the Convention was not applicable.

The Tribunal then analyzed the responsibility of government officials for war crimes against prisoners, holding that responsibility rests with the Government having prisoners in its possession, including the Cabinet as well as military and civilian officials concerned with prisoners, and that this responsibility requires that an effective system for treatment of prisoners must be established and its continued and efficient working insured.

The Tribunal at this point rejected thirty-eight of the fifty-five counts of the indictment, holding in effect that conspiracy to plan and wage aggressive war involved the actual planning and preparation and that the waging of aggressive war involved the initiating of it. It was also held that under the Charter conspiracy is limited to conspiracy to commit crimes against peace only. Verdicts were finally returned on the basis of only ten counts.

*Chapter III—Obligations Assumed by and Rights of Japan.* The Tribunal summarized the principal international agreements affecting Japan's foreign relations between the Treaty of Shimonoseki in 1894-95 and 1930.

*Chapter IV—Military Domination of Japan and Preparation for War.* The Tribunal here described—from the point of view of the activities of the accused—the course of Japanese history between April 1927, the first victory of the expansionists, and the conclusion of the Tri-Partite Alliance on September 27, 1940.

The Tribunal emphasized the following points: the advocacy by Okawa with the support of military officers like Itagaki of the doctrine that Manchuria was Japan's lifeline; establishment as settled policy under the Hirota Cabinet from March 1936 to February 1937 of the Army scheme for a New Order in East Asia, particularly as outlined in the five ministers' statement of August 11, 1936; Tojo's forcing of the decision by the General Staff in 1937 to make war on China; Japan's continually aggressive attitude toward the Soviet Union; development of treaty and ideological ties with Germany, particularly



fostered by Oshima, Hiranuma, Shiratori, and Itagaki; the activities of the Yonai Cabinet from January to July 1940 are described in detail—Koiso's and Arita's plans for expansion to the South, Shigemitsu's plan for neutrality in the European War in order to increase Japan's prestige in Asia; and finally the political and military actions of the second Konoye Cabinet from July 1940 to July 1941, which showed that the conspirators were determined to extend the domination of Japan over a huge area and population and to use force, if necessary, to accomplish their aims.

*Chapter V—Japanese Aggression Against China.* This Chapter described Japanese aggressive activities in China from the time of preparations for the attack in September 1931 to December 1941.

Doihara, Itagaki, and Hashimoto were ringleaders in the plot to attack China, while Oshima, Koiso, Muto, Umezu, Hata, and Araki held staff positions in Tokyo and Minami was War Minister at the time of these preparations. Pu Yi was virtually forced to become nominal leader of an alleged independent state in Manchuria, the independence movement and the Chinese collaborators being sustained by Japanese military might alone. The Tribunal supported the findings of the Lytton Commission. Hoshino was the guiding spirit of the economic exploitation of Manchuria. Doihara's connection with illegal drug traffic in Manchuria was accepted as proved. The Hirota Cabinet supported Army expansionist policies which precipitated the Lukou-chiao Incident in 1937. Doihara controlled plans for establishment of the Wang Ching-wei government in Peking [*Nanking*]. Tojo at all times figured prominently in the operations against China as a military commander in Manchuria, as War Minister, and finally as Prime Minister.

*Chapter VI—Japan's Policy toward the USSR; Manchuria the Lifeline in Japan.* The Tribunal summarized Japanese attitudes and statements in regard to the Soviet Union, plans and preparations for war on Soviet areas, the Lake Khassan and Nomonhan attacks upon Soviet forces by Japan, and the uncandid policy of the Japanese Government in signing the Neutrality Pact of April 1941 between Japan and Russia. It opened by stating that the intention to undertake a war of aggression against the USSR had been shown to be one of the basic elements of Japan's military policy.

A secret agreement to the Anti-Comintern Pact created a limited military and political alliance of Germany and Japan against the USSR.

Muto and Tojo were active in formulating strategy and preparations for war on the Soviet Union, plans which the Tribunal said were clearly offensive and aggressive. Itagaki was instrumental in planning

the Japanese attack at Lake Khassan; that the Japanese initiated hostilities either to test Soviet strength or to seize strategically important territory was established to the Tribunal's satisfaction. It was also clear that Hiranuma and Itagaki had full knowledge of the situation at Nomonhan, and they did nothing to prevent continuation of the conflict.

The Tribunal held that it was not necessary to decide whether or not Outer Mongolia was a sovereign state.

*Chapter VII—The Pacific War.* The Tribunal described Japanese activities in 1940 and 1941 which culminated in coordinated Japanese attacks against the United States and the British Commonwealth, and invasion of the Netherlands East Indies.

In October 1940 the Japanese decided to penetrate into the entire Pacific area west of Hawaii, excluding the Philippines and Guam, in order to avoid war with the United States for the time being. Pressure was put on French Indo-China and the Netherlands while military conversations were carried on by Oshima and Matsuoka with German officials. A plan for attack on Pearl Harbor was under study as early as January 1941. Diplomatic negotiations with the United States through Ambassador Nomura indicated that Japan had no intention of yielding any gains or privileges. The Japanese Navy in late May 1941 began training and practice for the attack on Pearl Harbor.

An Imperial Conference of July 2, 1941, attended by Tojo, Suzuki, Hiranuma, and Oka decided to continue diplomatic negotiations while final preparations for the attacks on Pearl Harbor and Singapore were completed. An Imperial Conference of September 6 reaffirmed this decision, adding that, if Japan's demands were not met by the beginning of October, a decision on the opening of hostilities would be made.

When the time for this decision arrived on October 12, 1941, Konoye resigned as Prime Minister rather than commence war, a course which Tojo was strongly urging. Tojo became Prime Minister on October 18 and carried on intensive preparations for war, which included Navy orders on November 3 for a southern advance covered by an attack on Pearl Harbor.

Alternative proposals by Japan for a general settlement of differences were rejected by the United States, whose counter-proposals were in turn rejected.

A liaison conference on November 30 agreed that rejection of these counter-proposals should not destroy the element of surprise in Japan's attack on the United States. An Imperial Conference sanctioned this decision. On December 2 Imperial Headquarters issued an order designating December 8 as X-day. The Japanese task force had been on its way to Pearl Harbor since November 26.

Coordinated attacks were carried out against Kohta Baru, Pearl Harbor, Singapore, Guam, and Hongkong, and the note rejecting the United States' counter-proposals was submitted after these attacks had started.

The Tribunal at this point in its judgment applied the law as determined in Chapter II to the facts as found in Chapter VII; it decided that the leaders of Japan in the years 1940 and 1941 had waged wars of aggression against France, Britain, the United States of America (including the Philippines), and the Netherlands.

The Tribunal held that it was unnecessary to decide charges in the indictment based on the view that Japan had attacked Great Britain and the United States of America without previous and explicit warning for the reason earlier stated that charges of conspiracy to commit and of waging aggressive war had been made out against Japanese leaders. The Tribunal by way of dictum observed that Hague Convention III was poorly drawn and did not sufficiently define what was meant by previous and explicit warning (see this Mission's despatch no. 517, August 13, 1948<sup>2</sup>). The Tribunal additionally held that since the waging of aggressive wars is a major crime, no good purpose would be served by convicting any defendant of that major crime and also of murder *eo nomine*.

Defense contentions that Japan had to go to war in self-defense were rejected as a repetition of Japanese propaganda.

*Chapter VIII—Conventional War Crimes.* The Tribunal summarized the evidence by stating that atrocities were committed by the Japanese Army and Navy on a scale so vast and on so common a pattern that it could be concluded only that they were secretly ordered or willfully permitted by the Japanese Government or members thereof or by the leaders of the armed forces.

The Japanese Government refused to acknowledge that hostilities in China constituted a war and pursued a policy of "mental terror" among the enemy forces and civilians in China, the worst single event of which was the "rape of Nanking". Matsui was commanding general of the forces which took Nanking and Muto was on his staff; Cabinet Ministers Hirota, Umezu, and Kaya received reports of these atrocities.

The Tribunal described the kind and extent of criminal practice followed by the Japanese in all theaters of war: murder of captured aviators; massacres of prisoners of war, civilian internees, the sick, medical personnel, and the civilian population; death marches of prisoners; vivisection; shooting of naval survivors; starvation of prisoners and internees; excessive punishment; and failure to forward to Protecting

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<sup>2</sup> Not printed.



Powers lists of prisoners and internees. Tojo explained his failure to act in the case of the Bataan death march, although he had heard of the march, by saying that the commander of an expeditionary force had considerable autonomy. The vicious treatment of prisoners and native workers employed in the construction of the Burma-Siam railway was recounted.

Shigemitsu and Togo as Foreign Ministers attempted to explain away charges by Allied nations that Japan was treating prisoners and civilian internees illegally. Tojo, Doihara, Hata, Itagaki, Kimura, Muto, and Umezu all held responsible positions in regard to the treatment of prisoners.

The Tribunal dismissed defense contentions that Japan was not bound by certain conventions for the treatment of prisoners and internees by holding that the general principles of law exist independently of the conventions.

*Chapter IX—Findings on Counts of the Indictment.* The Tribunal found that the existence of the criminal conspiracy to wage wars of aggression as alleged in count 1 had been proved, the object of the conspiracy being to obtain Japan's domination by preparing and waging wars of aggression.

The counts of the indictment were analyzed. Count 5—conspiracy with Germany and Italy to dominate the world—was held not to have been proved. The Tribunal decided that it would consider only the following counts of the indictment :

1. Conspiracy to wage wars of aggression.
27. Aggressive war against China.
29. Aggressive war against the United States.
31. Aggressive war against the British Commonwealth.
32. Aggressive war against The Netherlands.
33. Aggressive war against France.
35. Aggressive war against the USSR at Lake Khassan.
36. Aggressive war against the USSR at Nomonhan.
54. Ordering, authorizing, and permitting violations of laws and customs of war against armed forces, prisoners, and civilian internees.
55. Reckless disregard of legal duty to secure observance of the laws and customs of war.

It is worth noting at this point that the Tribunal simplified the prosecution's theory of indictment almost to that followed at Nuremberg, where there were but four counts: conspiracy to wage aggressive war, waging aggressive war (presented as seven separate counts at Tokyo), war crimes, and crimes against humanity.

*Chapter X—Verdicts.* Each of the twenty-five defendants was thereupon found guilty or not guilty of the charges based on the above counts preferred against him.

*Sentences.* The sentences indicated at the beginning of this despatch were thereupon read; these sentences were not made part of the written record of judgment.

The separate opinions were not read in court.

*Separate Opinion of the President of the Tribunal, Chief Justice Sir William Webb, Member from Australia.* This opinion briefly discussed the law of the Tokyo trials, particularly the validity of the Charter, a nation's natural right of self-defense, the concept of aggressive war, and conspiracy to commit a crime against peace. It recorded no dissent.

The President stated that international law may be supplemented by rules of justice and general principles of law, and that rigid positivism is no longer in accordance with international law.

The President suggested that perhaps life imprisonment would have been a preferable sentence for those Japanese war criminals sentenced to death. He noted that the Nuremberg Tribunal appeared to consider that conviction of accused on charges involving aggressive war only did not justify a sentence of death, for the probable reason that the Tribunal took into account the fact that aggressive war was not universally recognized as a justiciable crime when these accused made war. As to punishment of war crimes and crimes against humanity, he noted that the main purpose of punishment for an offense is to deter others and that this purpose might better be served in this case by life imprisonment under sustained conditions of hardship.

In regard to the immunity of the Emperor, the President observed that a British court would probably take into account that the leader in the crime though available for trial had been granted immunity; he added that in such a case the court would, where it must by law impose capital punishment, probably exercise the prerogative of mercy to save the lives of the condemned. The President stated in effect that since the Emperor acted as a constitutional monarch with very considerable powers, particularly as evidenced by his decision in 1945 that the war be ended, and since he did not withhold his authority where this authority was required for war, he could not be excused for committing a crime at international law on the advice of his ministers. He did not suggest that the Emperor should have been prosecuted and added that the Emperor's immunity was no doubt decided on in the best interests of all the Allied Powers.

*Concurring Opinion by Member from the Philippines, Mr. Justice Delfin Jaranilla.* This opinion offered disagreement with certain legal conclusions reached by the majority, particularly in regard to the decisions that conspiracy as defined in the Charter did not apply to conventional war crimes and crimes against humanity, that counts in the

indictment on planning and preparation of aggressive war need not be considered, and that murder in the indictment could be considered as part of the charge of waging aggressive war.

The opinion also considered and rejected certain defense contentions in regard to the validity of the Tribunal, the *ex post facto* argument, and the individual responsibility of the defendants.

The Member from the Philippines also offered his opinion that a few of the penalties were too lenient, and not exemplary and deterrent.

*Partial Dissenting Judgment of the Member from France, Mr. Justice Bernard.* This opinion disclosed the procedure followed by the Tribunal in its deliberations. A majority of seven judges formed a committee to draft the Tribunal's findings of facts; this draft was shown to the minority of four judges but there appears to have been no oral discussions by the entire Tribunal of this part of the decision. Judge Bernard, who was in the minority of four judges, criticized this procedure.

Judge Bernard also criticized the prosecution's decision to try all the suspects at the same time. He gave his opinion that a preliminary inquest by a magistrate independent of both prosecution and defense would have been beneficial. He also indicated the opinion that the failure to indict Emperor Hirohito, the principal author of the conspiracy, was an error.

Judge Bernard concluded that, because of the above defects and because of the vagueness in law and in argument of terms like conspiracy and aggressive war, he could not formulate a definite opinion concerning questions raised by accusations of crimes against peace as well as accusations of war crimes and crimes against humanity.

No specific dissent was entered by Judge Bernard.

*Partial Dissenting Opinion of the Member from the Netherlands, Mr. Justice Roling.* This opinion, which extends to 249 pages, commented in some detail on various questions of law and fact raised by the Tokyo trial. In particular, the legal portion of the opinion criticized that part of the Tribunal's constitution which empowers the Supreme Commander for the Allied Powers to alter sentences, on the apparent ground that this power reflects the authority of the victorious nations and derogates from the obligation upon the nations of the world and upon the Tribunal to adjudicate under international law.

The opinion also contended that the Tribunal's jurisdiction related only to the Pacific war and hence could not include Japanese struggles with the Soviet Union, which were not contemplated by the Instrument of Surrender and which had been concluded by treaty.

In regard to individual cases, this opinion stated that life imprisonment is the appropriate punishment for commission of crimes against



peace and that death is appropriate for commission of conventional war crimes.

The life sentences of Araki, Hashimoto, Hiranuma, Hoshino, Minami, Kaya, Koiso, Oshima, Shiratori, Suzuki, and Umezu were therefore concurred in because they had been found guilty of waging aggressive war but not of any conventional war crime. The death sentences of Doihara, Itagaki, Kimura, Matsui, Muto, and Tojo were also concurred in because they had been found guilty of conventional war crimes.

Oka, Sato, and Shimada should have received death sentences for guilt of conventional war crimes.

Hata, Hirota, Kido, Shigemitsu and Togo should have been acquitted. Hata's conviction was not supported by the facts. Hirota never advocated or conspired for domination of Asia by means of aggressive war, and the facts indicated that he had no responsibility for the war crimes committed by Japanese forces and that in the case of the rape of Nanking he made representations to Army officials that criminal activities be stopped. In the case of Kido, the facts failed to show conclusively that he actively supported the conspiracy to wage aggressive war, nor was his knowledge before or during the events, nor his power and duty to intervene and forestall war crimes, proved. Shigemitsu worked as a diplomat and statesman for peace rather than for war; as Foreign Minister he could not be held for permitting war crimes or disregarding any duty thereto, since he had no power in these matters and acted only as an agent for communication between foreign governments and the proper organs of the Japanese Government. Togo also worked for peace and like Shigemitsu entered the Cabinet during wartime solely with the intention of ending the war.

*Dissenting Opinion of the Member from India, Mr. Justice Pal.* This opinion, which is 1235 pages in length, dissents generally from the legal theories and disagrees with the facts upon which the judgment of the Tribunal is based. It is stated *inter alia* that the Allied Powers have not the legal right under international law to treat Japanese leaders as war criminals; that an international tribunal however established is not bound by the will of the conqueror; that war has not been made a crime in international law; that aggressive war is not definable; that the Charter is *ex post facto* law. The opinion concluded that each of the accused should have been found not guilty and acquitted.

It may be noted that Mr. Justice Pal's opinion appears to adhere to the positivist theory of international law, which holds that national sovereignty is the basis of the international community and that consent to qualification of national sovereignty must not be presumed.

Respectfully yours,

W. J. SEBALD

740.00116 PW/11-2448 : Telegram

*The Acting Political Adviser in Japan (Sebald) to the Secretary  
of State*

Tokyo, November 24, 1948.

273. The following is the text of General MacArthur's review of the war crimes sentences :

"No duty I have ever been called upon to perform in a long public service replete with many bitter, lonely and forlorn assignments and responsibilities is so utterly repugnant to me as that of reviewing the sentences of the Japanese war criminal defendants adjudged by the International Military Tribunal for the Far East. It is not my purpose, nor indeed would I have that transcendent wisdom which would be necessary, to assay the universal fundamentals involved in these epochal proceedings designed to formulate and codify standards of international morality by those charged with a nation's conduct. The problem indeed is basically one which man has struggled to solve since the beginning of time and which may well wait complete solution till the end of time. In so far as my own immediate obligation and limited authority extend in this case, suffice it that under the principles and procedures prescribed in full detail by the Allied Powers concerned, I can find nothing of technical commission or omission in the incidents of the trial itself of sufficient import to warrant my intervention in the judgements which have been rendered. No human decision is infallible but I can conceive of no judicial process where greater safeguard was made to evolve justice. It is inevitable that many will disagree with the verdict, even the learned justices who composed the tribunal were not in complete unanimity, but no mortal agency in the present imperfect evolution of civilized society seems more entitled to confidence in the integrity of its solemn pronouncements. If we cannot trust such processes and such men we can trust nothing. I therefore, direct the Commanding General of the Eighth Army to execute the sentences as pronounced by the tribunal. In doing so I pray that an omnipotent providence may use this tragic expiation as a symbol to summon all persons of good will to a realization of the utter futility of war—that most malignant scourge and greatest sin of mankind—and eventually to its renunciation by all nations. To this end on the day of execution I request the members of all congregations throughout Japan of whatever creed or faith in the privacy of their homes or at their altars of public worship to seek divine help and guidance that the world keep the peace lest the human race perish."

Sent Department 273; Shanghai 100, Nanking 68, Manila 59.

SEBALD

740.00119 Control (Japan)/11-2448

*Memorandum of Conversation, by Mr. Marshall Green of the  
Division of Northeast Asian Affairs*

[WASHINGTON,] November 24, 1948.

Mr. Bullock and Mr. Davis called for the purpose of leaving with Mr. Bishop a note from the Australian Ambassador to the Acting Secretary of State.<sup>1</sup> It was stated in the note that the Australian Government did not find it possible to maintain after December 31, 1948, an occupation force greater than one infantry battalion and one air force squadron, together with necessary maintenance units—a total of 2,750 men. It was further stated that the Australian Government had given notice of the proposed reduction in the Australian Ambassador's letter of May 7, 1948 to the Secretary of State<sup>2</sup> and that the reduction in BCOF troop strength therefore complied with paragraph 3(b) of the MacArthur-Northcott Agreement which permits BCOF withdrawals, in whole or in part, upon six months' notice by either party.

Mr. Bishop observed that it was his understanding that the Australian Ambassador's letter of May 7, 1948, had not been construed by those handling this problem in the State and Army Departments as a firm notice but as a proposal to reduce BCOF strength subject to US agreement. He went on to say that for this reason we would probably find ourselves caught off balance by the Australian action, but it was not possible to know what adjustments would have to be made until we had had an opportunity to obtain SCAP's views.

Mr. Bullock replied that General Robertson had been instructed by his Government several months ago to consult with SCAP in regard to the problems arising from the BCOF reductions in force. Mr. Bullock therefore trusted that SCAP would not be confronted with a situation for which no preparations had been made. Referring to an inquiry made by Mr. Allison at a previous discussion of this problem, Mr. Bullock affirmed that the reduction of force would not result in the recall of General Robertson and that the BCOF would continue to be staffed by officers having rank commensurate with the responsibility and dignity of a BCOF mission.

Mr. Bishop said that a reply would be made to the Australian note in due course.

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<sup>1</sup> 449/48, November 24, not printed; it was a reply to the note of November 3, p. 886.

<sup>2</sup> Not printed.



394.044/11-2948 : Telegram

*The Secretary of State to the Acting Political Adviser in Japan  
(Sebald)*

CONFIDENTIAL

WASHINGTON, November 29, 1948—7 p. m.

404. National Public Service Bill is subject. Counsellor Brit Emb called on State Dept Nov 26 leaving fol memo for info US Govt UK views re National Public Service Bill. Brit Counsellor also requested views his Govt be transmitted SCAP for his consideration. Will you please bring to attention SCAP and appropriate members staff.

"The bills now before Jap Diet which contain various proposals amend existing labor legislation appear to His Majesty's Govt in UK, on basis their existing info, to be defective in several important respects.

In re Natl Public Service Bill, it is view HMG that Article 98 should include provision for independent arbitration in case of failure to agree on questions wages and conditions of work. It follows from this that HMG consider that this Article should not contain prohibition collective agreements.

In re Public Corp Bill, it is view HMG that legislation this kind, which is apparently intended to be permanent, should not contain an unqualified provision banning strikes by employees in govt enterprises. The FEC policy on 'Principles for Japanese Trade Unions' empowers Supreme Commander to prohibit strikes and other work stoppages which would directly prejudice objectives or needs of occupation. An absolute ban on strikes by employees of govt enterprises in all circumstances appears, however, to go far beyond this provision of FEC policy. It is suggested, as a possible alternative that a provision might be included in law for 30 day 'cooling-off period' during which it would be illegal to strike.

In view HMG, an unqualified prohibition of strikes by employees in govt enterprises not necessarily calculated to shake any hold communists may have on unions but might, on contrary, strengthen it. If genuine grievances remained unremedied widespread illegal action might occur, with result that law would either not be enforced (with resultant discredit to Jap Govt) or that there would inevitably be an increase in subversive activities. A further consideration is that it is difficult to see how an unqualified prohibition of strikes would be confined only to employees in govt enterprises, many of whom are engaged on work similar to that in non-govt enterprises. There wld almost certainly be pressure from private employers to extend the provision."

Counsellor stated orally his Govt feels real difference opinion exists between some members your staff and his govt on certain underlying principles of rights of govt employees for which reason his govt feels it necessary present its views to US and ask that they be brought officially your attention. Counsellor made it clear that altho his govt feels

that absolute ban in permanent legislation on right govt enterprise workers to strike would be undesirable his govt has no objection your stating in advance that strike by any particular group or groups of govt employees would be contrary interest occupation and would not be permitted. He stated he was instructed by his govt to make a statement (set out below) to FEC because in its opinion the proposed bill does not include right ordinary govt worker make collective contract with govt. When it was pointed out to him that his statement did not actually refer to right govt employees make bargaining agreements he stated he had presented his govt's views in limited way only in order avoid embarrassment US in FEC. In response to question as to attitude his govt re ban on strikes contained in proposed legislation in view fact that legislation apparently vol part Jap govt he stated view his govt it would not wish to have any such provision adopted in permanent legislation under aegis occupation. Brit Counsellor indicated his govt understands additional bills covering govt corporations for govt enterprise workers and monopolies omit safeguarding principle ultimate right employees withhold their labor should they be unable reach satisfactory collective agreement with govt and he stated it may therefore be necessary for him make an additional rep to US soon.

Statement by UK Member FEC 24 Nov is as fol :

[Statement sent in airgram 166, December 9, not printed.]

MARSHALL

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740.00119 FEAC/11-3048 : Airgram

*The Secretary of State to the Acting Political Adviser in Japan*  
(Sebald)

CONFIDENTIAL

WASHINGTON, November 30, 1948.

A-164. Subject is Far Eastern Commission Meeting, November 18, 1948. Conduct of Trade with Japan (FEC-273/17) unanimously approved by Commission.<sup>1</sup> Chinese member voted for paper with understanding that when time is considered mature for establishing exchange yen rate FEC will be informed and opportunity given to members of FEC to express views on subject. French member voted for paper on understanding that paragraph 9 referred only to establishment of an exchange rate for foreign trade transactions and on further understanding that FEC was authority for establishing such exchange rate. US member pointed out that Commission was, of course, not directly concerned with attempts to fix an exchange rate for the yen and

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<sup>1</sup> For text, see *The Far Eastern Commission*, 2d report, p. 34. It was sent in directive serial 95, December 2, to SCAP (copy to the FEC on December 22). (694.0031/12-848)

that this complex and technical matter concerned the Commission only in its relations to broad policy and had therefore been discussed in the most general way with a wise avoidance of any attempt to establish a procedure for fixing an exchange rate.

In view of fact that substance of FEC-304/16, Port and Service Charges on Foreign Vessels in Japan, was contained in FEC 273/17, Conduct of Trade with Japan, it was removed from agenda.

Trial of Japanese War Criminals (FEC-314/4). Positions of USSR, UK and Philippines reserved. New Zealand member stated he favored paper. USSR member requested postponement of vote.

Level of Economic Life in Japan (FEC-242/32), (FEC-297/10) retained on agenda.

Soviet Proposal Regarding Level of Economic Life in Japan (FEC-320). Australian member stated that FEC-084/21 cannot be fully implemented by SCAP until a further decision has been made by FEC stating specifically the amount of capacity in certain war-supporting industries which is essential to satisfy Japan's peaceful needs and may therefore remain in Japan. He noted that attempt to do this was now made in FEC-242/32. On the understanding that the Soviet definition of peaceful industries to mean all facilities and industries other than those defined in FEC-084/21 as primary war facilities, secondary war facilities or war-supporting industries is correct, his Government could fully endorse the principle that there should be no limitations imposed upon the development of peaceful industries. But it considered it superfluous to make the question of Japan's peaceful industries the subject of a policy decision and to give priority to consideration of this question over attempts to reach agreement on FEC-242/32. With reference to the first part of the Soviet proposal in the second paragraph, his Government endorsed the principle that the revival and creation of Japanese war industry should be prohibited, but did not think it necessary to restate in vague terms existing precise policy decisions. He further noted that the part of the Soviet proposal relating to control machinery for Japan should properly be considered in the peace treaty.

The Canadian member pointed out that in principle he had no objection to Soviet proposals, but agreed with statement already made in Commission that proposals either were unnecessary or seemed outside competence of FEC. Therefore he would vote against Soviet proposal.

USSR insisted on hearing views of all members before agreeing to have vote taken on his proposal. To date Philippine and Indian members have made no statement.

Under Other Business USSR member pointed out that at last meeting on November 11, US member in reply to Soviet inquiry of Oc-



tober 28 concerning secret military conference held in Tokyo had merely read text of State Department press release.<sup>2</sup> Soviet member stated he considered statement of State Department unsatisfactory and maintained opinion he had expressed on October 28.

MARSHALL

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<sup>2</sup> See memorandum of November 4, p. 887.

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894.011/12-348

*Memorandum by the Assistant Secretary of State for Occupied Areas (Saltzman) to the United States Representative on the Far Eastern Commission (McCoy)*

CONFIDENTIAL

WASHINGTON, December 3, 1948.

With reference to the question of the review of the Japanese Constitution by the Far Eastern Commission, the United States member is authorized to adopt a firm position (a) that the Far Eastern Commission should as inconspicuously as possible and with a minimum of debate review promptly the Constitution and (b) that the Far Eastern Commission should determine that that Constitution meets all requirements within the purview of the Far Eastern Commission without any further investigation or action (such as requiring a referendum or any other procedure to determine Japanese public opinion) on the part of the Far Eastern Commission.

He is authorized to support this position by pointing out *inter alia* that:

1) The United States Government welcomes this review of the Japanese Constitution by the Far Eastern Commission under the terms of FEC-031/40 in order that the Far Eastern Commission may satisfy itself that the Constitution fulfills the terms of the Potsdam Declaration and other controlling documents. His Government feels this review can and should be accomplished promptly and without attracting undue public attention.

2) The United States wishes to point out that the establishment of a peacefully inclined and responsible government in Japan as envisaged by the Potsdam Declaration has required changes in Japanese habits of thought, action and organization and that it is now important to give the Japanese people opportunity freely to assimilate the changes. Amendment by a foreign authority to the fundamental bases of any new government could only produce uncertainty and retard any process of assimilation. The Japanese should be encouraged to regard the Constitution as their own and any detraction from that feeling should be scrupulously avoided. At this time, the requiring of amendments to the Constitution by the Far Eastern Commission or the suggestion of changes, or any unnecessary step by a foreign authority derogatory to the freely expressed will of the Japanese people

would in the eyes of the Japanese detract seriously from the basic validity of their Constitution.

3) The United States Government has carefully examined the Constitution on its own part and considers it to fulfill the terms of the Potsdam Declaration and other controlling documents.

4) The United States Government considers it is the responsibility of the Japanese people to amend the Constitution if and when amendment is desirable or necessary.

5) The United States accordingly feels that it is undesirable that the Far Eastern Commission should at this time propose amendments to the Japanese Constitution, require a referendum for ascertaining Japanese opinion with respect to the Constitution or take any other similar action. The United States feels that the Far Eastern Commission should promptly determine that the Japanese Constitution meets all requirements within the purview of the Far Eastern Commission.

6) The United States Government will be glad to hear the opinions of the other members on the subject.

CHARLES E. SALTZMAN

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740.00119 FEAC/12-948: Airgram

*The Acting Secretary of State to the Acting Political Adviser in Japan  
(Sebald)*

CONFIDENTIAL

WASHINGTON, December 9, 1948.

A-168. Subject is Summary FEC Meeting, December 2, 1948. Trial of Japanese War Criminals (FEC-314/4). USSR and UK members indicated they were ready to vote on paper. Philippine member requested that vote be postponed.

Soviet Proposal Regarding Level of Economic Life in Japan (FEC-320). Indian member pointed out that principles set forth by USSR member in first portion of his proposal were generally acceptable to his Government, but he thought no useful purpose would be served by adopting them. As for second portion regarding establishment of control machinery, he pointed out that in light of clarification offered by USSR member, such proposal was subject to consideration at peace conference. Therefore his Government could not accept Soviet proposal.

USSR member made statement, which was released to press same day, that US statement of November 11<sup>1</sup> does not correspond to actual situation. He contended that in US statement reference is made to the necessity of the revival of the Japanese economy on a peaceful and "self-supporting" basis but nothing is said of the necessity to bring about the unhampered development of Japan's peaceful industry and

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<sup>1</sup> See telegram 394, November 18, p. 894.

the prevention of the development of Japan's war industry, nor is mention made of the establishment of an appropriate control with the purpose of achieving this objective. He argued that it is necessary that everyone in Japan know that no limitations will be placed on the development of Japan's peaceful industry and that the assertion that the US statement of January 21 already made the proposals on the question of Japan's economic development similar to proposals set forth in the Soviet statement of September 23 <sup>2</sup> is absolutely unfounded. As for the establishment of control machinery, it was the view of the Soviet member that the FEC can come to an understanding in respect to the prohibition of the revival and creation of the Japanese war industry and in respect to the establishment of an appropriate control having in mind, naturally, that the details of exercising such a control will be decided by the peace treaty with Japan and will constitute its integral part. With reference to the US statement that the demilitarization of Japan has been carried out, the Soviet member alleged that there are serious reasons to doubt that the decisions adopted by the Commission in respect to demilitarization and disarmament are actually fulfilled. The USSR member expressed the view that if the US Government were displaying real care in respect to "alleviating suffering" of the Japanese people, it would not have opposed the Soviet proposals in respect to an unlimited development of Japan's peaceful industry. He added that it is worth noting that nowhere the US Government advocated an unlimited development of Japan's peaceful industry, and that it is clear that certain US circles do not wish this as Japanese goods create rivalry for American goods.

Chairman on point of calling for vote on Soviet proposal when French member requested postponement so that he might have opportunity to study Soviet statement. Action deferred.

Principles for Japanese Farmers' Organizations (FEC-277/16). All Soviet amendments (set forth in 277/17) defeated except those to paragraph 6, first of which was withdrawn by Soviet member and second of which was reworded and accepted by Commission as follows: "Measures should be taken, however, to prevent cooperatives becoming controlled by any banking, trade, industrial, or other non-farmer companies and interests." Vote on paper postponed at request of USSR member.

Labor Policy in Japan (FEC-310). In last few minutes of meeting New Zealand member briefly pointed out that his Government was not satisfied with labor legislation in Japan.

LOVETT

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<sup>2</sup> See telegram 334, September 29, p. 853.



740.0011 PW (Peace)/12-948

*The Acting Political Adviser in Japan (Sebald) to the Secretary  
of State*

[Extract]

CONFIDENTIAL

No. 773

Tokyo, December 9, 1948.

[Received January 11, 1949.]

SIR: I have the honor to transmit herewith<sup>1</sup> an English translation of a resolution requesting the acceleration of a peace conference for Japan, which was passed by the Japanese House of Representatives on November 28, 1948, together with an English translation of the Diet's discussion of and vote upon the resolution.

The English translations of the resolution and of the deliberations of the House of Representatives on the matter were brought to this Mission on December 3 by Mr. Matsui Akira, Chief of the General Affairs Section, Japanese Ministry of Foreign Affairs. Mr. Matsui stated that he presented the documents for the information of this Mission. Such action as Prime Minister Yoshida Shigeru may take pursuant to the resolution will probably follow consultation with the Supreme Commander, although, according to Mr. Matsui, the Prime Minister has so far made no decision in the matter.

Mr. Matsui further stated that the resolution was introduced in the Lower House of the Diet by Mr. Wada Toshiaki, Social Democrat and formerly editor of the *Hokkaido Nichi Nichi*. The resolution brought, for the first time in this session of the Diet, complete accord among all political parties including the communist. Deliberations on the draft resolution consisted entirely of speeches of praise by heads of the various parties.

Respectfully yours,

W. J. SEBALD

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<sup>1</sup> Enclosures not printed.

894.017/12-943

*The Acting Political Adviser in Japan (Sebald) to the Secretary  
of State*

[Extracts]

CONFIDENTIAL

No. 774

Tokyo, December 9, 1948.

[Received December 22.]

SIR: I have the honor to refer to this Mission's despatch No. 465 of July 24, 1948, concerning the Supreme Commander's letter of July 22 to former Premier Ashida Hitoshi directing revision of the National

Public Service Law primarily for the purpose of prohibiting strikes among government workers, and to a number of subsequent despatches on this subject.

On November 30, 1948 the National Diet passed the government's bill revising the Public Service Law. Concurrent with passage of the bill, the Supreme Commander issued a public statement on December 1 relative to the legislation, five copies of which are enclosed.<sup>1</sup> According to this statement, the Japanese public service has been elevated to a new dignity and has been assured against the invasion of licentious minority pressures. The Supreme Commander's statement, affirming that the new legislation has no bearing on the rights of labor engaged in private enterprises, denied that it is a negation of fundamental workers' rights in the trade union movement. As in his letter of July 22 to the Prime Minister, the Supreme Commander again noted that the principles involved in this legislation are in conformity with the views of President Roosevelt with the significant exception that the new Public Service Law embodies the principles of collective bargaining for the employees of public corporations. Striking at determined communist opposition to revision of the law, the Supreme Commander declared :

It is a strange political and social phenomenon that many of those very employees for whom this wise and advanced legislation is designed to relieve and protect remain under the spell of a thoroughly discredited leadership whose ultimate goal is retrogression rather than progress, discord and confusion rather than harmony and stability.

The new legislation, in the Supreme Commander's view, is therefore "a victory for those who seek the integrity of representative government over those who would leave government easy prey to minority subjugation".

Five copies of the text in Japanese and English translation of the bill for amending the National Public Service Law are enclosed with this despatch. The printed (Japanese) and mimeographed (English) texts are the form in which the bill was introduced in the Diet on November 11. Revisions in the text made in the course of the Diet's deliberations on the bill are indicated in ink in the Japanese text and in the English translation.

The revision of the Public Service Law as initiated by the Supreme Commander's letter of July 22 has been the occasion of heated controversy in Japanese political and labor circles. On receipt of the Supreme Commander's letter, the Japanese Government (then headed by Dr. Ashida) issued a Cabinet Ordinance on July 30 which prohibited further strikes and labor agitation by government workers pending

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<sup>1</sup> Enclosures inadvertently not sent with this despatch.

formal revision of the Public Service Law by the National Diet. The use of a Cabinet Ordinance to implement the Supreme Commander's letter as a temporary measure having the force of law until legislation could be passed provoked strong opposition from communists and labor leaders who contested the constitutionality of such a procedure. The Japan Communist Party spearheaded this opposition through party agitators among leftist labor unions and through the organization of a front group called the Democracy Protection League (*Minshu-shugi Yogo Remmei*). During August and September efforts were made to foment nation-wide strikes and walkouts among government workers, with special attention directed at the government railway workers. In an effort to circumvent the Cabinet Ordinance, "job desertion" tactics keynoted this labor agitation. Government railway workers, particularly in Hokkaido, deserted their posts in such large numbers that it appeared for a time that railway traffic would be seriously curtailed.

The Japanese Government, however, realized that it enjoyed SCAP support in enforcing the Cabinet Ordinance, and began large-scale arrests of job deserters and communist agitators among railway workers. These large-scale arrests, including several prominent communist party members, soon broke the back of the job desertion movement, but such tactics only intensified communist opposition to revision of the Public Service Law.

On October 6 the Ashida Cabinet resigned because of implication of Cabinet members in the Showa Denko scandal. Mr. Yoshida Shigeru, head of the Democratic Liberal Party and former Prime Minister, was elected by the Diet to form a new government on October 14. The new Yoshida Cabinet found revision of the Public Service Law a priority order of business. Although Prime Minister Yoshida and his conservative party were in full accord with the purpose of revising the Public Service Law, the manner in which the Prime Minister was confronted with this problem has unquestionably proved costly from the political standpoint.

Mr. Yoshida was elected to the premiership after a triangular conflict in the Diet among the three major parties, none of which enjoys a majority in the Lower House. Although he has the advantage of heading a single party cabinet in contrast to the previous coalition governments, his position on the basis of his election by the Diet is a tenuous one. Mr. Yoshida and his party advisers are convinced that a new general election will assure the Democratic Liberal Party a far stronger position in the Lower House if not a clear-cut majority. They have been convinced, however, that the election must be held as soon as possible before Mr. Yoshida suffers any decline in prestige. It was there-



fore important, from the Democratic Liberal Party's standpoint, that the Yoshida Cabinet effect an early dissolution of the Diet and have a general election as soon as possible.

In addition to the constitutional question which rose over the Cabinet's right to effect dissolution under Article 7 of the Constitution, the Yoshida Government was saddled with the task of meeting the Supreme Commander's desire for early revision of the National Public Service Law. It was therefore necessary to abandon plans to dissolve the Diet and to proceed with revision of the law. This disadvantageous and somewhat embarrassing situation has been exploited by the opposition parties, and the delay incurred in securing passage of the amendments to the Public Service Law may prove politically costly to the Yoshida Cabinet when a general election is finally held.

The bill for amending the Public Service Law was introduced in the Diet on November 11. The most significant political development in the course of deliberations on the amendments was the Social Democratic Party's final decision to withdraw its support of the bill. When the Ashida Cabinet first began drafting a bill, the Social Democratic Party pledged its support, although at a later date considerable opposition developed within the party as to the manner in which the bill treated the matter of collective bargaining by government workers. Finally, however, the party under Mr. Katayama Tetsu's leadership decided to oppose the bill on the eve of the vote.

The passage of the bill amending the National Public Service Law on November 30 has been received with mixed feelings by the Japanese public. It has been difficult for many Japanese to consider the bill independently of the political bickering which characterized the Diet session at which it was passed. . . .

Throughout newspaper comment on the subject, the significance of the bill is somewhat lost in general discussion of the character of the Diet session and the tactics of the government and opposition parties.

Most conservative sentiment, however, is strongly in favor of the revised legislation as a device to curb radical labor excesses and assure the stability of the public service. In this sense, the Supreme Commander's statement of December 1 received as much if not more praise than the bill itself.

While most sentiment appears favorable toward the amended Public Service Law, the Japan Communist Party has launched a vigorous campaign for the repeal of its recent revision. . . .

The Socialists' position as opponents of the bill is, however, an awkward one. Although Mr. Katayama had originally pledged his party to support revision of the law, opposition, particularly within the left wing, gradually increased as party leaders began to realize

the extent to which labor is opposed to the revision. With the communists the only political party categorically opposed to the bill, the Social Democratic Party found itself in the position of possibly alienating much of labor support. It is very likely, therefore, that the Japan Communist Party's determined and vigorous opposition to the revision of the law forced the hand of the Social Democratic Party. It is doubtful, however, if the communists originally intended to have such a reaction take place. While the communists may claim credit for forcing the Socialists to oppose the bill, they must also reckon with a Social Democratic effort to capitalize on its opposition in future appeals for labor support.

With one major party on record as opposed to the revision of the National Public Service Law, this question will undoubtedly become an important issue in the coming general election. At the same time, the position taken by the Social Democratic Party tends to bring its left-wing members much closer to the communist party, notwithstanding the uncomplimentary manner in which the communists have criticized the action of the Social Democratic Party as a whole. Already reports indicate that in some of the local districts, particularly in Aomori Prefecture, communist and socialist leaders are beginning to work together for the coming election campaigns.

For the immediate future it appears that controversy over revision of the Public Service Law will bring about considerable realignment in the political field. Leftist political leaders fully realize the extent to which organized labor, particularly the powerful National Congress of Industrial Unions, opposed revision of the Public Service Law. The "labor vote" has become a recognized political potential in postwar Japan, which the leftist parties cannot afford to ignore. The Social Democratic Party, composed of heterogeneous elements ranging from liberal to radical, has never been a cohesive, well-knit political body. It has suffered serious internal dissension among its complex elements and recent bolting of malcontent groups has threatened to break up the party. The inconsistent action concerning revision of the Public Service Law has further intensified the internal pressure which threatens to disrupt the party. In order to bid successfully for labor support, it now appears that the Social Democratic Party will either be radically reorganized or be disbanded and rebuilt as an entirely new party around its more leftist leadership.

The Japan Communist Party, on the other hand, enjoys a consistent, clear-cut record with respect to its opposition to revision of the Public Service Law. How vigorously the communist party intends to make the law's revision a political issue in the coming election can be seen by Mr. Dobashi Kazuyoshi's formal joining of the party on December

6 in order to run for the Diet as a communist candidate. (This Mission's A-242 of December 7, 1948<sup>2</sup> incorrectly reported Mr. Dobashi as head of the National Congress of Industrial Unions. Mr. Kan Makoto is chairman of the Central Executive Committee of the NCIU.) As head of the All-Japan Communication Workers Union, Mr. Dobashi has already waged a determined campaign against revision of the Public Service Law in the name of organized labor. He has become more identified with this opposition than any other public figure.

The controversy over the National Public Service Law has strengthened the position of the conservatives. The Democratic Party regards Mr. Katayama's withdrawal of support for revision of the Public Service Law as unwarranted betrayal of a pledge. The basis of the coalition between the Social Democratic and Democratic parties, which made possible the Katayama and Ashida cabinets, has probably been undermined beyond repair. How far this will stimulate cooperation between the Democratic Party and Prime Minister Yoshida's Democratic Liberal Party, or assist the movement for the creation of a new conservative party remains conjectural, but such a coalition or merger is being seriously considered.

The conservative forces have also secured, through the revision of the National Public Service Law, a powerful weapon to combat the communists. By protecting the public service from strikes and other forms of labor agitation, the ability of the communists to attack conservative cabinets by labor strife in the government service has been nullified. While the communists will unquestionably develop other tactics to utilize government service personnel, they have lost what has heretofore been their most powerful device for bringing direct pressure on the government—a general strike of government workers.

Respectfully yours,

W. J. SEBALD

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<sup>2</sup> Not printed.

894.0011/12-1048

*Memorandum by the Acting Legal Adviser (Snow) to the Assistant Secretary of State for Occupied Areas (Saltzman)*

CONFIDENTIAL

[WASHINGTON,] December 10, 1948.

Subject: Consultative Message to SCAP on Review of the Japanese Constitution

1. A review of the Japanese Constitution by the Far Eastern Commission after one year's trial and before the conclusion of the second



year is prescribed by a policy decision of the Far Eastern Commission taken October 17, 1946 (FEC-031/40). On motion of the Australian member, Committee 3 of the FEC, on Constitutional and Legal Reform, has been called together for the purpose of beginning the review. The Committee has voted, with only the United States opposing and the U.S.S.R. abstaining, to send a consultative message to the Supreme Commander, for the purpose of apprising him as a matter of courtesy of the undertaking to review and to request his assistance by way of information on the working out of the Constitution in actual practice, and on the progress of a review which has been initiated by the Japanese Diet. The United States member of the Committee was instructed to oppose the consultative message on the ground that it was premature. Nevertheless, a draft of a consultative message was prepared, voted 9-1 and sent to the Steering Committee, which has returned the message to Committee 3 for redrafting. The question now arises whether the U.S. member of Committee 3 should assist in the redraft, or take a position in opposition to any message at all; and whether as the redraft comes up to the Steering Committee and to the Commission itself the U.S. should persist in its opposition to the point of vetoing the consultative message.

2. It is the view of the Acting Legal Adviser that the United States Government should collaborate with the other Governments represented on the Far Eastern Commission in the preparation of a mutually satisfactory consultative message to SCAP in connection with the current review of the Japanese Constitution by the Far Eastern Commission. The following reasons are suggested for this opinion:

*a.* The United States Government, along with the other governments represented on the FEC, stands committed to this review by the FEC, through participation in the adoption of FEC-031/40, providing for the review.

*b.* The only reasonable way to proceed with this review is to proceed in the light of actual experience in Japan with the operation of the Constitution in practice, and of SCAP's opinion as to the existence or non-existence of any defects in the Constitution. This information can only be secured through SCAP. This method is also the most consonant with United States' interests, since SCAP will undoubtedly take the position that no action by the FEC is presently needed.

*c.* While the information can be secured from SCAP by the United States acting informally and through its own private channels, the other members of the FEC have quite properly taken the position that they prefer to secure the information directly from SCAP through their own access to SCAP.

*d.* It would be unthinkable for the U.S. at this time to attempt to deny to the FEC either this information or direct access to SCAP. SCAP is not an officer of the U.S. alone, but the Supreme Commander for all of the Allied Powers, and the United States is not legally en-

titled to insist on a unilateral approach to SCAP, or to deny direct access to the other Allied Powers.

e. Nine of the eleven Powers are firmly united in the desire for a consultative message to SCAP, and those nine are all friends of the United States on whom we shall have to rely for the ultimate defeat of any resolutions in the FEC for amendments to the Japanese Constitution. It would be senseless to alienate these friends on this issue and to render our own motives in the matter of this review suspect before we have even begun the review.

f. We cannot prevent the consultative message even if we try, unless by our veto in the FEC itself. To exercise the power of veto on such a thoroughly immaterial issue as this would be extremely unwise, if, indeed, we have the legal power to veto a purely procedural matter like a consultative message.

g. We can best exert our influence and protect our own interests in the matter of this message by cooperating in the draft of the message. If we are not going to veto it we should not instruct our representatives on the working committee to sit back and let the others do the drafting. We are likely to get a much less acceptable message if we do not cooperate in the draft.

h. It is the adopted position of the U.S. Government that the review should be accomplished as promptly and inconspicuously as possible. This cannot be achieved by going headlong into a fight over the first immaterial issue that arises.

i. Reference has been made in this connection to NSC-13/2,<sup>1</sup> paragraph 9.<sup>2</sup> The Acting Legal Adviser sees nothing inconsistent with NSC-13/2, paragraph 9, in a consultative message from the Far Eastern Commission to SCAP, on a matter so obviously "within the purview of the Far Eastern Commission" as the present review of the Japanese Constitution.

3. It is recommended that the U.S. Representative be instructed to offer assistance in the preparation of a consultative message to SCAP which can elicit information contributing to the U.S. desire to complete the quiet and inconspicuous review of the Japanese Constitution.<sup>3</sup>

<sup>1</sup> October 7, p. 858.

<sup>2</sup> See enclosure to letter of October 28, p. 880.

<sup>3</sup> For instruction, see memorandum of December 14, p. 928.

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740.00119 Control (Japan)/12-1148

*Memorandum by the Director of the Office of Far Eastern Affairs  
(Butterworth) to the Acting Secretary of State*

TOP SECRET

[WASHINGTON,] December 11, 1948.

There is attached as Tab A a draft telegram to General MacArthur replying to his two telegrams (Tab B) of December 4 regarding the implementation of NSC 13/2.<sup>1</sup>

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<sup>1</sup> Draft telegram not printed; it replied to SCAP's telegrams C-65997 and C-65999, December 4. For summary, see memorandum of December 20, p. 932.

The Department of the Army (Mr. Draper) does not wish to include in this telegram Part Four on the "purge", but would like to send a separate telegram on the purge in which there would be, presumably, full and detailed directives to MacArthur regarding the measures to carry out the principles outlined in NSC 13/2. The only mention of the purge which the Army would like to make in this telegram would be a brief statement that the question is being studied and that MacArthur may defer implementation in the interim.

Our draft is along the lines which Mr. Kennan and I discussed with you the other day and in general is acceptable to the Army except as mentioned above. We feel that a full reply to MacArthur's telegrams must be sent and that omission of the statements which we propose regarding the purge would seriously detract from our reply. We also feel strongly that at least for the time being and as a matter of principle we should avoid in so far as possible giving to General MacArthur orders which contain detailed measures setting forth the ways in which he is to carry out the general purposes of NSC 13/2, without at least first allowing General MacArthur to express his own plans for implementation.

I hope that I shall be able to handle this matter with the Army and that you will not have to be bothered with it. I am sending you this memorandum, however, because Mr. Draper might call you directly.

W. W[ALTON] B[UTTERWORTH]

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811.20200 (D)/12-1148 : Telegram

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

Tokyo, December 11, 1948.

287. (Z-32881) For USIS. The following statement was released to press by SCAP headquarters at noon today :

"Soviets suspend repatriation for winter.

"The repatriation division of General Headquarters, SCAP announced today receipt of a letter from the Soviet member, Allied Council for Japan, announcing that repatriation of Japanese from Siberia and other Soviet-controlled areas would be suspended until the resumption of navigation in 1949 because of climatic and icing conditions.

"The spokesman for this division stated, 'the Supreme Commander for the Allied Powers was profoundly disappointed to receive this notification of the intended suspension of Japanese repatriation during the ensuing months by which more than 400,000 hapless Japanese are condemned to a fourth winter in Siberia and other Soviet-controlled areas. This action has been undertaken in disregard of



repeated offers made by SCAP of assistance in overcoming alleged navigational climatic and icing conditions.'

"The spokesman re-emphasized the previous SCAP offers to provide:

(1) Adequate shipping for repatriation of Japanese in increments up to 160,000 persons per month:

(2) Icebreakers and other special facilities. This latest offer was made by SCAP in a letter on October 20, 1948 in order to assist the Soviets in overcoming difficulties allegedly presented by the winter repatriation of Japanese. This letter was never answered.

"It was stated that the last regular monthly repatriation lift in November realized the release of 37,929 repatriates, 12,071 below the 50,000 quota of the SCAP-Soviet repatriation agreement, thus marking the eighteenth consecutive month that the Soviets have failed to fulfill subject quota.

"Following is the Soviet suspension letter received by SCAP on December 8, 1948 addressed to General Headquarters, Supreme Commander for the Allied Powers, Chief of Staff, Major General Mueller: 'Dear General: This is to confirm the declaration of Captain second rank Yashin made December 3, 1948 to the representative of the Liaison Section, General Headquarters, SCAP, Captain Senka, that repatriation of Japanese, in compliance with Paragraph Four, Section Two, Agreement of December 19, 1948 [1947],<sup>1</sup> is discontinued due to heavy climatic and icing conditions until navigation season of 1949.'"

SEBALD

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<sup>1</sup> See despatch 1475, December 24, 1947, *Foreign Relations*, 1947, vol. VI, p. 340.

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740.00116 PW/12-1048

*The Acting Secretary of State to the Solicitor General (Perlman)*

WASHINGTON, December 14, 1948.

MY DEAR MR. PERLMAN: You have requested the views of the Department of State as to whether the International Military Tribunal for the Far East is to be regarded as an international court appointed and acting under international authority, or as an American tribunal appointed and acting under the unilateral authority of the United States and specifically whether it regards the action of the Supreme Commander for the Allied Powers in proclaiming the establishment of the International Tribunal for the Far East, approving and amending the charter of that Tribunal, appointing as judges of the Tribunal the persons nominated by the individual governments represented on the Far Eastern Commission, and approving, after consultation, the sentences imposed by the Tribunal, as being in accordance with Para-

graph 5 of the Far Eastern Commission policy decision of April 3, 1946, and as taken in accordance with the authority and direction of the Far Eastern Commission.

In answer to your first question, the Department of State regards the International Military Tribunal for the Far East as an international court, appointed and acting under international authority.

The Potsdam Declaration of July 26, 1945 defining the terms for Japanese surrender, issued by the President of the United States, the President of the National Government of the Republic of China, and the Prime Minister of Great Britain stated that "stern justice shall be meted out to all war criminals."

The Supreme Commander for the Allied Powers in Japan was appointed on August 13, 1945 by agreement of the President of the United States and Generalissimo Chiang Kai-shek, Prime Minister Churchill and Premier Stalin. In the view of the Department of State, this action of the President was taken in accordance with his powers as Commander in Chief and in execution of the control vested in him over the conduct of the foreign relations of the United States.

On October 4, 1945, the United States issued a directive to the Supreme Commander for the Allied Powers authorizing him to establish special international military courts for the trial of Far Eastern war criminals, subject to further authorization from the United States Joint Chiefs of Staff, in respect to the establishment of international courts for the trial of persons charged with crimes against peace. Such authorization was subsequently given to him provided that nominations of judges for such tribunal were received from other Governments. The directive of October 4, together with the statement of the policy of the United States on which it was based was circulated on October 24, 1945 to the Far Eastern Advisory Commission, which preceded the Far Eastern Commission and which was composed of representatives of the United Kingdom, the United States, China, France, the Netherlands, Canada, Australia, New Zealand, India and the Philippine Commonwealth. Previously, on October 18, 1945, the Department of State had also transmitted a copy of the statement of the policy of the United States to the governments signatory to the Japanese surrender, and requested them to designate persons qualified for membership on the international military courts contemplated in order to permit the Supreme Commander for the Allied Powers to appoint suitable members. On January 19, 1946, the Supreme Commander issued a proclamation stating that "there shall be established an International Military Tribunal for the Far East." On the same day, in General Orders No. 1, he approved the charter of the Tribunal, pursuant to which, on February 15, 1946 he appointed judges on the Tribunal.

The Department of State regards the tribunal established pursuant to the Proclamation and General Orders just mentioned as an international tribunal appointed under international authority. In its view, a tribunal appointed by an international officer, consisting of members nominated by the governments which he represents and which at the time of such nomination were fully informed of the directive and statement of policy pursuant to which he acted, is an international tribunal.

In the meantime, by the Moscow Agreement of December 27, 1945, the Far Eastern Commission had been set up by the United States, the United Kingdom and the Union of Soviet Socialist Republics, with the concurrence of China. On April 3, 1946, the Far Eastern Commission adopted a policy decision regarding the apprehension, trial and punishment of war criminals in the Far East which provided, *inter alia*, that the Supreme Commander of the Allied Powers "should have: (a) power to appoint special international military courts" and that he "shall appoint to each international court a judge nominated by each state represented on the Far Eastern Commission which signifies its desire to participate in the work of such court." The United States Government prepared a directive in accordance with this policy decision which was transmitted on April 23, 1946 to the Supreme Commander through the United States Joint Chiefs of Staff, as provided in Article III-1 of the terms of reference of the Far Eastern Commission. Thereafter, on April 26, 1946, the Supreme Commander issued General Orders No. 20 which specifically "superseded" General Orders No. 1 and incorporated the requirements of the Far Eastern Commission policy decision in regard to the membership of any international court appointed by him which differed from the provisions as to membership set forth in General Orders No. 1. The Tribunal with which the indictment of the major Japanese war criminals was filed and which tried and convicted the accused was the Tribunal constituted pursuant to General Orders No. 20.

Accordingly, in reply to the second question referred to in the first paragraph of this letter, the Department of State considers that the Supreme Commander's action in proclaiming that an International Military Tribunal for the Far East should be established and in approving the original charter and appointing judges thereunder was taken under international authority, was consistent with the subsequent policy decision of the Far Eastern Commission and was approved by that decision subject only to the requirement of two additional judges. The Department further considers that the Supreme Commander's action superseding the original charter by an amended charter, appointing as judges of the Tribunal persons nominated by all of the individual governments represented on the Far Eastern Commission, and approving, after consultation, the sentences imposed by the Tri-



bunal was taken specifically under the authority and policy direction of the Far Eastern Commission.

Sincerely yours,

ROBERT A. LOVETT

894.011/12-1448

*Memorandum by the Deputy Assistant Secretary of State for Occupied Areas (Wilds) to the United States Representative on the Far Eastern Commission (McCoy)*

CONFIDENTIAL

WASHINGTON, December 14, 1948.

Reference is made to the proposed draft of a consultative message to SCAP by the Far Eastern Commission on the Review of the Japanese Constitution which was forwarded to the Steering Committee by Committee No. 3 on December 10 and which reads as follows:

"The Far Eastern Commission has begun a review of the Japanese Constitution as provided in FEC 031/41. The Commission would appreciate any comments the Supreme Commander may desire to make, together with any information which the Supreme Commander believes may be of assistance to the Commission in its review of the Constitution."

The US Member is authorized to endeavor to have this message revised so as to read substantially as follows:

"....., together with any information which the Supreme Commander believes may be of assistance to the Commission in satisfying itself that this Constitution fulfills the terms of the Potsdam Declaration and other controlling documents."

If the Committee refuses to accept this amendment, the US Member is authorized to accept the draft in its original form.

PHILANDER P. CLAXTON, JR.,  
for WALTER WILDS

740.00119 FEAC/12-1748: Airgram

*The Acting Secretary of State to the Acting Political Adviser in Japan (Sebald)*

CONFIDENTIAL

WASHINGTON, December 17, 1948.

A-177. Subject is Summary FEC Meeting, December 9, 1948. *Trial of Japanese War Criminals (FEC-314/4)*. Philippine member indicated that his Government would oppose proposal on grounds that first part was unnecessary as SCAP had approved recommendation of Chief Prosecutor of IMTFE that no further trials with respect to "A" offenses be initiated and that second part, even though worded as a

recommendation was an officious intrusion of Commission into matter entirely within competence of member states. Canadian member stated that in view of Philippine statement he would have to abstain if vote was taken today as he was instructed to vote for paper which was acceptable to those countries directly concerned in matter. As French and Australian members also indicated desire to study Philippine statement, action was deferred. In reply to Chinese and New Zealand inquiries as to recent action of Supreme Court, US member stated there was now a motion before the Supreme Court for permission to file a petition of habeas corpus and that the Court had merely decided to hear arguments on this motion.

*Principles for Japanese Farmers' Organizations (FEC-277/18).* Adopted by a vote of 10 in favor with 1 (USSR) abstention.<sup>1</sup>

*Labor Policy in Japan (FEC-310).* New Zealand member referred to labor legislation and pointed out that there should be some adequate means to enable organizations of Government employees of all kinds to discuss and negotiate, if necessary to arbitrate, the terms of their employment and that there should be something more than permission to approach and attempt to persuade employers to meet their views. It was his view that to deprive workers in key industries of their right to strike without the provision of some fully adequate substitute, would, except in those cases where the objectives of the occupation were prejudiced, not only be quite clearly contrary to both the spirit and the letter of the Commission's policy decision, but would be more characteristic of a medieval approach to such matters than that of a modern enlightened state. He distinguished between civil servants proper and industrial employees of the Government and conceded that a more restricted order of rights might be accorded the former group. He did not feel the policy decision should be interpreted to exclude ordinary civil servants. He added that it could not be suggested by any stretch of the imagination that the policy decision excludes industrial employees of the Government. He noted that the National Public Service Law apparently covered a number of workers in the latter category. He added that it was obviously desirable that if a group of civil servants were to be severely restricted in their rights that group should be kept as small as possible and that it was also desirable that no precedent should be set which might encourage the Japanese Government to include within that confined group workers in other industries which in the future they may bring under national control. He added that he was not attempting to pass finally on any of the questions raised, but thought he was entitled to ask and the Commission entitled to learn of the US Delegation

<sup>1</sup> For text, see *The Far Eastern Commission*, 2d report, p. 23. It was sent as directive serial 97, December 17, to SCAP (copy to the FEC, December 27). (894.61/12-2348)

“(1) Whether in the opinion of the US delegation the Commission’s policy decision 045/5 applies

- (a) to all workers employed by the Government, or
- (b) to some of the workers employed by the Government, and if (b) to which, and

(2) Whether, in the opinion of the US delegation, the Japanese legislation now in contemplation is in conformity with the policy decision contained in Document 045/5.”

Indian member thought that clear distinction should be made between ordinary civil servants and industrial workers and that latter should have right to strike.

*Soviet Proposal Regarding Level of Economic Life in Japan (FEC-320).* The Soviet proposal was defeated by a vote of 10 opposed and one (USSR) in favor. After vote was taken, USSR member made statement to effect that rejection of Soviet proposal providing for development of Japan’s peaceful industry unhampered by any limitations and prohibition of Japan’s war industries testifies to fact that majority in FEC hold different positions on this matter. It was understood that no release would be made to press. However, Soviet member released statement same afternoon. Following morning, Chairman FEC issued statement clarifying views of opposing ten members that first part Soviet proposal unnecessary and second part beyond competence FEC.

Under other business, New Zealand member and Chairman of Steering Committee informed Chairman FEC, that both Working Committee and Steering Committee were considering subject of review of Japanese Constitution as provided in FEC-031/41.

US member made statement explaining why US had withdrawn its support from FEC-230, Excessive Concentration of Economic Power in Japan and also announced US intended to release this statement to the press.<sup>2</sup>

LOVETT

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<sup>2</sup> For text, see p. 1056.

894.628/12-2048

*Memorandum by the Deputy Assistant Secretary of State for Occupied Areas (Wilds) to the United States Representative on the Far Eastern Commission (McCoy)*

SECRET

[WASHINGTON, December 20 [?], 1948.]

In accordance with a memorandum dated December 16, 1948, from the State-Army-Navy-Air Force Coordinating Committee,<sup>1</sup> there is

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<sup>1</sup> Not printed.



enclosed a statement of United States policy (Appendix "A")<sup>2</sup> regarding Japanese Fishing and Pearl Fishing, comprising the substance of Appendix "C" of SANACC 99/11, which was approved by the State-Army-Navy-Air Force Coordinating Committee on December 16, 1948.<sup>3</sup>

The United States Member, Far Eastern Commission, is authorized to present this statement of United States policy to the Far Eastern Commission and at the same time to convey to the other members the substance of the statement contained in Appendix "B".<sup>4</sup>

The United States Member is authorized to press for acceptance of the United States policy by the Far Eastern Commission, and to accept modifications proposed by other members of the Commission which do not change the meaning or the intent of the United States proposal.

WALTER WILDS

[Annex 1]

STATEMENT OF UNITED STATES POLICY (APPENDIX "A")

POLICY WITH RESPECT TO FISHING AND AQUATIC INDUSTRIES IN JAPAN

1. Subject to the requirements of this and other policies established in accordance with the terms of reference of the Far Eastern Commission, the Japanese should use their existing resources to the maximum extent possible in order to obtain fish for domestic consumption and export.

2. The Supreme Commander for the Allied Powers may at his discretion expand present Japanese fishing or other commercial aquatic activities. If such expansion will involve fishing or other commercial aquatic activities in an area in which any country has a direct concern, arrangements shall be made between SCAP and such country.

3. The Japanese should conform strictly to the provisions of international agreements for the conservation of fishery and other marine resources.

4. Nothing in the foregoing should be interpreted as predetermining the ultimate constitution and size of the Japanese fishing fleet nor the possible availability for removal as reparations of Japanese fishing and pearl fishing ships, equipment and other facilities.

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<sup>2</sup> *Infra*.

<sup>3</sup> Copy transmitted in covering instruction 220, December 31, to Tokyo.

<sup>4</sup> Printed as annex 2, p. 932.

[Annex 2]

## STATEMENT FOR THE FAR EASTERN COMMISSION (APPENDIX "B")

## PROPOSED STATEMENT FOR PRESENTATION TO FAR EASTERN COMMISSION

The United States representative should state (1) it is hoped that the Far Eastern Commission will approve shortly the present U.S. proposal, which would supplant FEC-035; <sup>5</sup> (2) if unfortunately the Far Eastern Commission should fail to agree, prior to January 15, 1949, to a new paper, the Government of the United States will on that date notify the Supreme Commander for the Allied Powers that this Government perceives no objection to an extension of the Japanese fishing area eastward and southward to include the area bounded by a line from 40° north latitude, 165° east longitude; east to 180° longitude; thence south along the 180th meridian to 20° north latitude; thence west along the 20th parallel to 165° east longitude; thence south along the 165th meridian to 16° north latitude; west to 150° east longitude; thence north along the 150th meridian to Tropic of Cancer; west to 141° east longitude; thence south along the 141st meridian to 16° north latitude; west to 130° east longitude thence north along the 130th meridian to 20° north latitude; west to 123° east longitude; thence north to 24° north latitude, 123° east longitude.

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<sup>5</sup> Directive to SCAP, November 13, 1945; see Department of State Bulletin, March 3, 1946, p. 346, and *The Far Eastern Commission*, 1945 to 1952, p. 106.

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740.00119 Control (Japan)/12-2048

*Memorandum by the Director of the Office of Far Eastern Affairs  
(Butterworth) to the Under Secretary of State (Lovett)*

TOP SECRET

[WASHINGTON,] December 20, 1948.

Pursuant to circular instruction of October 7 requiring offices of the Department designated as action offices for the implementation of National Security Council papers to submit to you each 30 days a summary of action taken, I wish to report the following action on NSC 13/2, "Recommendations with Respect to U.S. Policy Toward Japan", during the period from November 19, when the last summary was submitted,<sup>1</sup> to December 19.

1. On November 30 and December 1 two telegrams prepared by the Departments of State and Army were sent to General MacArthur as CINCFE: (1) directing him to advise the Japanese Government informally of the policy decision of paragraph 13 of NSC 13/2, and

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<sup>1</sup> Not printed.

requesting his comments on a number of specific, proposed modifications in the purge, and (2) directing him to implement the policy decisions of NSC 13/2 within his field of responsibility and requesting initial statements of his programs and schedules of implementation of paragraphs 3, 7, 8, 13, 14, 17*a* and 17*c*, to be followed by separate periodic reports of progress.

General MacArthur replied on December 4 that he was not empowered as CINCFE to alter policies on such matters as the purge carried out in his capacity as SCAP pursuant to Allied directives, and that he strongly opposed any major modification of the purge, except in the unlikely event that the Far Eastern Commission in a policy decision directed such modification. General MacArthur's response to the request for separate statements of his programs and schedules of implementation was in general to the effect that the policies therein set forth either had long been in effect or that reference should be made to a wire which he had sent last June offering his views on earlier drafts of these paragraphs sent him for comment.

The Department of State agreed with the Department of the Army on December 17 to the dispatch of a separate message to General MacArthur on the subject of desired reports with the understanding that all the other points raised by General MacArthur would be the subject of a subsequent radio to be dispatched at the earliest possible date.

A full reply to General MacArthur is under active discussion between the Departments of State and Army.

2. On November 22 a radio was sent to CINCFE (WAR 92991) referring to paragraph 7 of NSC 13/2 and setting forth the principles which the Departments of State and Army considered basic to an effective Japanese internal security system.

3. Pursuant to paragraph 17*b* of NSC 13/2, the Acting Secretary of State wrote to the Secretary of the Army on November 22 requesting the assistance of the Army Signal Corps in making a survey to determine the suitability of Okinawa or some other nearby location as a site for a medium- or long-wave relay station . . . and the Army Signal Corps is now drafting a directive to the field on the subject.

4. On December 2 the Acting Secretary wrote to Secretaries Forrestal and Sullivan requesting that the National Military Establishment and the Department of the Navy, respectively assume responsibility for implementation of paragraph 5 ("The Ryukyu, Nanpo and Marcus Islands") and paragraph 6 ("Naval Bases") of NSC 13/2. The Acting Secretary on December 17 confirmed Secretary Forrestal's understanding, expressed in the latter's reply of December 9, that the responsibility for paragraph 5 of the National Military Establish-



ment did not extend to the last sentence of the paragraph regarding the securing of international sanction for U.S. long-term control of the subject territories. Secretary Forrestal was requested to confirm the belief that there also had been assigned within the National Military Establishment responsibility for the determination of those facilities, other than on Okinawa, which might be required and for the development of the base on Okinawa. Such confirmation has now been received.

5. On December 17 the Acting Secretary wrote to the Secretaries of the Treasury and Commerce, the Chairman of the Board of Governors of the Federal Reserve System, and the Director of the Budget, enclosing copies of pertinent paragraphs of NSC 13/2 for their information and guidance.

6. A review of all policy papers now before the Far Eastern Commission and its Committees has been initiated within the Department of State with a view to bringing U.S. policies toward the FEC into harmony with the provisions of paragraph 9 of NSC 13/2.

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740.00119 FEAC/12-2348 : Airgram

*The Acting Secretary of State to the Acting Political Adviser in Japan*  
(Sebald)

CONFIDENTIAL

WASHINGTON, December 23, 1948.

A-179. Subject is FEC Meeting, December 16, 1948. *Labor Policy in Japan (FEC-318)*. The Australian member made the following statement :

"Mr. Chairman, I should like to associate myself with the request made by the New Zealand representative at the last meeting for a clear statement from the United States delegation concerning the application of FEC-045/5. We ourselves would hold that FEC-045/5 applies to workers in government enterprises.

"There seems to be a fundamental difference of approach between the Australian Government, the New Zealand Government, and others who have maintained that FEC-045/5 should apply to workers in government enterprises on the one hand, and the attitude of the United States on the other. I should like to say with all due respect that SCAP's attitude may well be conditioned by the notion popularly held in the United States during the war that 'you cannot strike against the government'. I would submit again with all due respect that this notion was proved to be untenable, for example, the coal strike of 1946. The question which genuinely disturbs us is that while SCAP is aiming to establish real democracy in Japan he is encouraging the adoption of labor legislation which has proved unworkable under a democracy.

"The position might be altogether different if the Diet were to initiate and adopt the legislation as an entirely free agent. What one Diet passed another Diet could repeal. Our objection in the present case is, however, to the endorsement apparently given by the Supreme Commander to legislation which we consider not only undesirable but unnecessary in view of the authority already given to the Supreme Commander under FEC-045/5 to prohibit any strikes which would prejudice the occupation."

Further action deferred.

*Policy Towards Patents, Utility Models and Designs in Japan (FEC-284/10).* The USSR member introduced amendments to the effect that paragraph 4 of the present paper be worded as it was in C 1-284/3 and that paragraph 5 be deleted from FEC-284/10 on the grounds that paragraph 5 contained references to international conventions in which the USSR may not be a participant. These amendments had been defeated in the Steering Committee. Further action deferred.

Under Other Business the Australian member made the following statement:

"Mr. Chairman, we have studied with considerable interest the statement which you made at the last meeting concerning excessive concentration of economic power in Japan. This is of course a very important question. I appreciate that the United States has made an attempt to outline in a broad and general way the action which has been taken by the Supreme Commander to implement the deconcentration program. We would feel, nevertheless, that before we could accept the United States statement it would be necessary for the Far Eastern Commission to have this statement substantiated with much more factual information than it has been possible to include in the United States statement. I would like to suggest that the United States statement be referred to the appropriate committee where the United States member could produce all of the relevant information necessary to substantiate this statement."

The US Statement was referred to Committee 2.

LOVETT

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740.00116 PW/12-2348 : Telegram

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

PRIORITY

Tokyo, December 23, 1948.

302. Seven Japanese war criminals condemned to death by International Tribunal for Far East<sup>1</sup> were hanged early Wednesday

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<sup>1</sup> Kenji Dohihara (Doihara), Koki Hirota, Seishiro Itagaki, Heitaro Kimura, Iwane Matsui, Akira Muto, and Hideki Tojo.

[*Thursday*] <sup>2</sup> morning at Sugamo prison in Tokyo, SCAP's public information office announced today.

Execution was witnessed by members Allied Council, including William J. Sebald, Chairman and member for United States; General Shang Chen, member for China; Patrick Shaw, member for British Commonwealth; and Lieutenant General Kuzma N. Derevyanko, member for Soviet Union.

These witnesses were present in addition to official Army witnesses, doctors and essential prison personnel.

Each of condemned men requested and was permitted and [*an*] hour alone with Shinsho Hanayama, Buddhist priest, prior to execution, and final Buddhist services were held in special improvised chapel in prison cell block where they were confined.

Remains will be cremated and ashes scattered, as has been done with all other Japanese war criminals executed, PIO announcement stated.

SEBALD

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<sup>2</sup>The executions took place early on December 23. Mr. Sebald gives an eyewitness account in his book, *With MacArthur in Japan: A personal history of the occupation* (New York, 1965).

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740.00116 PW/12-2448 : Telegram

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

TOKYO, December 24, 1948.

305. (Zx 34266) (USIS). 19 Japanese war crimes suspects were released from prison or house arrest Friday, following intensive investigation and the determination not to initiate any additional trials, an announcement of SCAP's Legal Section stated.

These persons had been originally arrested as possible class "A" war crime suspects and later were held pending determination whether they would be prosecuted as class "B" or class "C" suspects on charges of violating the laws and customs of war or crimes against humanity.

Verdicts of "not guilty" rendered by the international military tribunal for the Far East in the case of certain accused criminals tried together with ex-Premier Tojo, "establish legal precedents that make it highly problematical whether guilt would be established," the announcement of SCAP's Legal Section stated.

"The period in office of the suspects investigated by Legal Section were of such limited duration as to render it unlikely that 'B' and 'C' charges would be supported on the basis of the responsibility of their official position", the announcement said.

"The case against Soemu Toyoda, former chief of the naval general staff, and Hiroshi Tamura, former head of the prisoner of war infor-



mation bureau, now being tried in Tokyo will be completed within the next few months," the announcement stated.

The Tojo trial, the Toyoda and Tamura trials, and the release Friday of the 19 persons completes the disposition of all former major war crimes suspects held in Japan, the announcement said.

The 19 persons released from custody Friday are: Genki Abe, Kisaburo Ando, Eiji Amau, Kazuo Aoki, Fumio Goto, Kumataro Honda, Koichiro Ishihara, Michiyo Iwamura, Nobusuke Kishi, Yoshio Kodama, Yoshihisa Kuzuu, Toshizo Nishio, Shumei Okawa, Ryoichi Sasakawa, Yakichiro Suma, Hayao Tada, Sankichi Takahashi, Masayuki Tani, Ken Terashima.

Sent Shanghai 117, repeated Nanking 81, Manila 63, Department 305.

SEBALD

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740.00119 Control (Japan)/12-2648 : Telegram

*General of the Army Douglas MacArthur to the Under Secretary of the Army (Draper)*

TOP SECRET      PRIORITY

[Tokyo,] 26 December 1948.\*

C-66597. Personal for Undersecretary Draper. Reurad War 81792.<sup>1</sup> I am in complete accord with your conclusion as to the clearly delineated area of SCAP responsibility and authority in the administrative and executive interpretation and implementation of FEC policies. Indeed such conclusion only recently received striking confirmation in the Attorney General's opinion and the Supreme Court's decision in the war criminal appeals. Only very recently has there in fact appeared any tendency to otherwise interpret the situation in Washington. I am furthermore in the most full agreement with the need to exert every possible effort to shape the administration of the occupation to conform to definitive American policy and interests and I have never failed to do so to the utmost limit of my authority and ability when they did not directly traverse FEC policies controlling since the United States surrendered her right of complete unilateral direction at Moscow. My position as you know has consistently been that the United States, being the nation not only contributing most toward victory in the Pacific war, but the one which has carried almost the entire burden of occupation, should firmly insist upon her moral and equitable right to shape controlling policy but that she should do so formally and openly and as you point out within the framework of the Moscow Agreement, just as was done in the matter of the stabiliza-

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<sup>1</sup> December 24, not attached to file copy.

tion of the Japanese economy. The United States has no need to take indirect action or an informal approach and should assume full and open responsibility for her policy determinations. I am most grateful for your efforts to insure in American official thinking the proper orientation as to the actual international relationships involved.

MACARTHUR

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740.00119 Control (Japan)/12-2848

*Memorandum by the Chief of the Division of Northeast Asian Affairs  
(Bishop) to the Director of the Office of Far Eastern Affairs  
(Butterworth)*

TOP SECRET

[WASHINGTON,] December 28, 1948.

There is attached a copy of the personal message from Draper to MacArthur<sup>1</sup> which was the subject of considerable discussion between State and Army before it was dispatched. On December 24 Mr. Allison and I in telephone conversation with Colonel Lincoln gave informal agreement to a draft message.<sup>2</sup> The message as sent differs in important respects from that to which Mr. Allison and I agreed. I have under-scored those parts of the message which are additions to the message as we last saw it.

There have been some omissions and changes in the order of the thoughts expressed which, while not of great importance, change somewhat the tone of the telegram. Especially important is the change regarding the intention of the United States Government to avoid as much as possible issuing interim directives. In the cable sent this was handled as follows:

"Implementation should be accomplished to the greatest possible extent through appropriate interpretations and appropriate use of SCAP's executive discretion and when necessary or desirable through issuance here of a specific US interim directive to SCAP through the JCS with a copy filed with the FEC as already provided for within the terms of reference of the FEC."

In the agreed draft this was stated:

". . . and accomplishing implementation through appropriate interpretations and appropriate use of SCAP's executive discretion and when entirely unavoidable or otherwise desirable through issuance here of a specific US interim directive to SCAP through the JCS . . ."

General MacArthur has already replied<sup>3</sup> to this telegram and has emphasized that the United States in controlling policy of the occupation

"should do so formally and openly and as you point out within the framework of the Moscow agreement. . . . the United States has no

<sup>1</sup> Telegram War 81792, December 24, not attached to file copy.

<sup>2</sup> Col. George A. Lincoln was Assistant to the Under Secretary of the Army in 1948.

<sup>3</sup> C-66597, December 26, *supra*.

need to take indirect action or an informal approach and should assume full and open responsibility for her policy determinations."

This is clear evidence that General MacArthur has not yet grasped the sense of United States desire in this connection and would like us to issue interim directives in each instance. This is perhaps regrettably similar to the desire of the Japanese to have directives in each instance from SCAP.

In view of our previous unhappy experience in clearing telegrams by telephone with the Army, I recommend that in future we not give State Department concurrence to a message of this importance except on the basis of a written draft not subject to unilateral alteration.

There are also attached a copy of the draft as finally agreed to by Mr. Allison and me in our telephone conversation with Colonel Lincoln and a copy of SCAP's reply, C 66597.

M[AX] W. B[ISHOP]

[Annex]

DRAFT CABLE INFORMALLY AGREED TO ON DECEMBER 24

TOP SECRET

Personal to MacArthur from Draper[:] Your C 65997<sup>4</sup> has been carefully considered. Part 2 of WAR 80454 may not have been entirely clear. It was intended that you should implement the policy decisions of NSC 13/2 within your field of responsibility which includes both the full area of your jurisdiction and authority as CINCFE as well as your executive discretion and authority as SCAP. SCAP's position as an international officer is fully understood but there is still a considerable latitude in the interpretation and execution of FEC directives within which you as SCAP have discretion and executive authority and within which you should take into account US national policy. This policy does contemplate exercise of U.S. control over the implementation of policy in Japan to the extent practicable but still within the framework of the Moscow Agreement. There is full international recognition of primary US interest in the conduct of the executive authority and responsibility in Japan. For example, first and most important is the agreement that SCAP shall be appointed by the President of the United States, second that the FEC should recognize the existing chain of command, and third the unique right given the US to issue unilateral directives to SCAP. It would be unreasonable that the US could not advise SCAP in the exercise of his executive authority limited only by existing policy decisions of the FEC. The US attitude toward the FEC is clearly indicated in Para-

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<sup>4</sup> December 4; see memorandum of December 11, p. 923.



graph 9 of NSC 13/2<sup>5</sup> which I understand you had not received when C 65997 was dispatched.

The US directives mentioned in Par 3 of WAR 80454 were not intended to refer to directives transmitting Far Eastern Commission policy decisions or to US unilateral interim directives as provided for in the terms of reference of the Far Eastern Commission, but to pre-FEC US directives and to US directives and instructions issued unilaterally to you as CINCFE.

Under the Moscow Agreement the FEC was set up to deal with post-surrender policies in the period following surrender at a time when an early treaty of peace was anticipated. Three years have passed and a peace treaty is still not a practical probability in the near future. The US alone has been bearing the cost of occupation and is contemplating increased appropriations for recovery. The US Government is not only furnishing all the funds but has the principal responsibility for the success of the occupation. It is our task here and yours there to find the ways and means to implement US policy as it develops from time to time keeping within the FEC framework and directives, and accomplishing implementation to the greatest possible extent through appropriate interpretations and appropriate use of SCAP's executive discretion and when entirely unavoidable or otherwise desirable through issuance here of a specific US interim directive to SCAP through the JCS, with a copy filed with the FEC as already provided for within the terms of reference to the FEC. This latter action was taken in issuing the directive concerning economic stabilization.

I believe your conclusion is sound that informal action is insufficient to accomplish the desired purge modifications. The administrative and executive interpretation of FEC policies is a matter solely for SCAP determination. The original US directive to you which was filed with the Far Eastern Advisory Commission was presented solely for information of the FEAC and was later circulated, by the Far Eastern Commission Secretariat, to the FEC again solely for information. FEC-015 has no force as a policy directive of the FEC and may be modified or rescinded unilaterally by the U.S. The U.S. would as a matter of courtesy inform the other FEC members of its action with respect thereto. We are reviewing with the State Department the most appropriate method of handling this question and will inform you earliest. In the meantime you are authorized to delay implementation of Par 13 NSC 13/2.

It is important to emphasize that modification of the purge is desirable to permit appeal and review in those cases, where specific FEC policy would not be contravened, in which assumption of guilt by reason of holding key positions rather than proof of guilt resulted

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<sup>5</sup> See enclosure to letter of October 28, p. 880.

in the purge of individuals. The action taken in November 1945 was to a degree at least based on the assumption that certain individuals were guilty unless proved innocent, and subject to purge simply because they were in a particular category rather than because of personal guilt. This is contrary to the universally accepted American concept of justice and it is desirable to correct this implication to the extent possible within FEC directives, and also to take account that the purge was without age limit. You will be advised when the appropriate method of implementing the purge modifications has been agreed upon here.

Concerning your reference in urad C 66402 to ourad WAR 80599, this matter can be handled separately and will be taken up in another message.

Concerning your C 66456, the directive in ourad W 81395 seems to have been drafted by the US over a year and a half ago and presented to the FEC exactly one year prior to its adoption by that body. The FEC action to the degree that it requires extension of the purge to positions not already covered is an extension of the purge and thereby inconsistent with NSC 13/2. It is expected that there will be no further action by FEC of this character. However, para 13 of that FEC directive does recognize that SCAP may issue subsequent directives to the Japanese concerning the purge.

In preparing NSC 13/2 it was recognized that, in many instances, in light of previous policies and commitments, it posed no easy task for you. The National Security Council felt, however, that you would find, in the authority that you possess and in your wide background of experience, means for seeing that progress is made, gradually and smoothly and with a minimum of disturbance of public opinion, in the direction of the goals outlined in the NSC paper.

I have shown this message to the Chief of Staff and Acting Secretary of State who agree with it.

Request a reply at the earliest practicable date.

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740.00119 FEAC/12-2848

*Memorandum by the Chief of the Division of Northeast Asian Affairs  
(Bishop)*

RESTRICTED

[WASHINGTON,] December 28, 1948.

Subject: Rescission of Pre-FEC U.S. Purge Directives.

There are attached (1) a draft telegram from the JCS to SCAP advising that paragraphs 5b, 23 and 40 of the United States Basic Initial Post-Surrender Directive of November 8, 1945,<sup>1</sup> having to do

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<sup>1</sup> JCS directive serial 18 not printed; for text of directive, see *Political Re-orientation of Japan*, pp. 428, 429.

with implementation of a purge program in Japan, are rescinded, and (2) a memorandum to the U.S. Member of the FEC<sup>2</sup> authorizing him to request the Secretary General to circulate for the information of the Commission an attached statement informing the Commission that SCAP has been so advised.

The necessity for the first of these two papers arises from the position taken by SCAP in his radio No. C-65997 of December 4<sup>3</sup> that the purge provisions in the above-cited directive conflict with the provisions of paragraph 13 on the purge in NSC 13/2. The second paper has been prepared as a matter of courtesy to the other members of the FEC, so that they may know that the purge provisions in the directive, circulated to the Commission on March 11, 1946 as FEC-015, have been rescinded.

The two papers have been informally cleared with Mr. Reid, Col. Hendricks and Mr. Pollard of the Army Department.

[Annex]

#### DRAFT TELEGRAM FROM JOINT CHIEFS OF STAFF TO SCAP<sup>4</sup>

##### RESTRICTED

1. You are informed that Paras 5b, 23, and 40 of the United States Basic Initial Post-Surrender Directive of November 8, 1945 (JSC Directive Serial No. 18), having to do with a purge program for Japan, are rescinded. The parts of the FEC Basic Post-Surrender Policy for Japan<sup>5</sup> (WAR-81011 JCS Directive Serial No. 82, 26 June 1947) which have to do with a purge program, and other pertinent FEC policy decisions, remain the sole directives to SCAP in force in connection with the purge.

<sup>2</sup> Not attached to file copy.

<sup>3</sup> See memorandum of December 11 by Mr. Butterworth, p. 923, memorandum of December 20, p. 932, and *supra*.

<sup>4</sup> The draft telegram with additional paragraphs of explanation was transmitted to SCAP by the Joint Chiefs of Staff on January 28, 1949, as WAR 83380.

<sup>5</sup> FEC policy decision of June 19, 1947; *Activities of the Far Eastern Commission*, report, p. 49.

740.00119 Control (Japan)/12-2948: Airgram

*The Acting Secretary of State to the Acting Political Adviser in Japan (Sebald)*

CONFIDENTIAL

WASHINGTON, December 29, 1948.

A-180. Subject is Summary Steering Committee Meeting, December 14, 1948. Review of the Japanese Constitution (SC-326/3)—US



Member proposed that draft consultative message be revised to include statement defining scope of information desired as that which "SCAP believes may be of assistance to the Commission in satisfying itself that this Constitution fulfills the terms of the Potsdam Declaration and other controlling documents". US proposal objected to, particularly by Australian, Indian, Canadian and Netherlands members on grounds that message should be kept either in general terms or in terms which would include not only the criterion of whether or not the Constitution fulfilled the terms of the Potsdam Declaration, but also the criteria of how it had worked in practice and whether it expressed the free will of the Japanese people. US amendment defeated by vote of one in favor to five opposed. US proposal to change last phrase of message "its review" to "this review" accepted. In order to meet desire of UK, New Zealand and Australian members to make message read more courteously, following phrase inserted in second sentence after word "Commission": "which would of course attach the utmost importance to the views of the Supreme Commander". Paper as amended forwarded to Commission by vote of 10 in favor with 1 abstention (USSR).

Following papers also forwarded to Commission:

(1) Policy Toward Access to Japanese Technical and Scientific Information by Non-FEC Countries which have been at War with Japan (SC-315/5) by vote of 9 in favor with 2 abstentions (India and USSR); (2) Policy Towards Patents, Utility Models and Designs in Japan (SC-284/7) by vote of 7 in favor to 1 (USSR) opposed and 3 abstentions (China, France, Netherlands); (3) Recommendations Regarding Japanese-Owned Patents, Utility Models and Designs in Territories of Countries at War with Japan by vote of 5 (Canada, India, New Zealand, UK, US) to 1 (USSR) opposed with 5 abstentions.

Replacement of Lost Cultural Objects (SC-272/10) and Removal of Aircraft and Private Munitions Plants from Japan (SC-312) retained on agenda.

LOVETT

#### WAR CLAIMS: REPARATIONS, RESTITUTION, LEVELS OF INDUSTRY AND OF PRODUCTION<sup>1</sup>—ECONOMIC REHABILITATION PROGRAM

894.30/1-348

*The Embassy of the Soviet Union to the Department of State*

[Translation]

No. 258

The Embassy of the Union of Soviet Socialist Republics presents its compliments to the Department of State of the United States of

<sup>1</sup> Continued from *Foreign Relations*, 1947, vol. VI, pp. 345-446.

America and on instructions from the Soviet Government has the honor to communicate the following.

In October 1945, as is known, an agreement was reached between the Governments of the United States of America, Great Britain, China and the Soviet Union concerning the division on an equal basis among the above-mentioned four countries of the vessels of the former Japanese fleet, beginning with destroyers and surface warships of light tonnage.

In accordance with a subsequent agreement concluded between the four powers in February and March of 1947 the division of 239 warships of the above-mentioned tonnage was begun in the summer of that year. 135 ships were divided, 104 ships remained to be divided. With regard to the remaining 104 ships of the Former Japanese fleet the Staff of the Supreme Commander in Japan General MacArthur by memorandum AG560 (October 28, 1947) GD informed the Soviet Representative in the Allied Council for Japan General Kislenko of the termination of the division of the remaining ships and the postponement of this division to the end of the period of occupation of Japan.

In connection with the fact that this decision of the Staff of the Supreme Commander contradicts the agreement reached earlier between the governments of the four countries, the Soviet representative in the Allied Council for Japan on November 25, 1947 sent a letter to the Staff of the Supreme Commander in which he stated his disagreement with this decision of the Staff of the Supreme Commander and proposed to complete without delay the division of the remaining 104 ships at the present time, guided by the agreed decision of the governments of the four powers on this question. However, the Staff of the Supreme Commander continues to insist on its position and evades the fulfillment of the above-mentioned agreed decision.

The Soviet Government considers it necessary to draw the attention of the Government of the USA to the incorrect activities of the Staff of the Supreme Commander which violate the existing agreement of the governments of the four countries concerning the division of the warships of the former Japanese fleet and proposes that the division of the remaining 104 Japanese warships be completed immediately without postponing their division to a later date.

The Embassy of the Union of Soviet Socialist Republics expresses its confidence that appropriate instructions will be given by the Government of the United States of America to the Supreme Commander of the American Forces in Japan concerning the necessity for the immediate completion of the division of the remaining 104 Japanese warships at this time.

Copies of this note are being sent simultaneously to the Embassies of China and the United Kingdom in Washington.

WASHINGTON, January 3, 1948.

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894.60/11-2047

*The Under Secretary of State (Lovett) to the Under Secretary of the Army (Draper)*

SECRET

WASHINGTON, January 13, 1948.

DEAR MR. DRAPER: The Department of State has carefully examined the Japanese reparations questions which we discussed informally at lunch, and to which you referred again in your letter of November 20, 1947.<sup>1</sup>

It is the view of the Department of State, as indicated in your letter, that we should not oppose the finalizing by the Far Eastern Commission of the reparations levels provided in SWNCC 236/43 as amended by SANACC 236/48 pending the report of Overseas Consultants Inc., and that a cable along the lines of your proposal would accordingly not be appropriate. The Department would have no objection to a cable stating that FEC decision on the final reparations levels has not yet been possible, but that it is considered inadvisable to issue a unilateral directive based on SWNCC 236/43 at this time.

The Department will consider any recommendations made by OCI promptly and with great attention, and will take any action which appears desirable and possible in line therewith. The Department has no information, however, which raises a real question whether the presently proposed levels could result in a self-supporting Japanese economy. On the contrary, it believes that the factors involved in assuring such an economy were fully considered when SWNCC 236/43 was approved, and should not now be reconsidered unless for the strongest reasons. You will recall that SWNCC 236/43 was approved by SCAP and that on March 31-April 1, 1947, at meetings held in Mr. Strike's office in New York, representatives of the State Department, War Department, Navy Department, Mr. Edwin Pauley<sup>2</sup> and Mr. Clifford Strike unanimously agreed that it should be the U.S. position on industrial reparations from Japan.

Any doubts as to the wisdom of the levels set out in SWNCC 236/43 which are not supported by conclusive factual evidence are outweighed, it is believed, by the advantages of a final determination of the ques-

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<sup>1</sup> *Foreign Relations*, 1947, vol. VI, p. 441.

<sup>2</sup> Edwin W. Pauley had been President Truman's representative on reparations matters.



tion, both in Japan and in the relations of this Government to the other governments interested in Japanese reparations; and by the safeguards provided by existing policies. I refer particularly to paragraph 10 of the FEC policy on Reduction of Japan's Industrial War Potential,<sup>3</sup> by which SCAP is authorized to except from reparations removal those facilities required to meet the needs of the occupation; and to the authority explicitly granted to SCAP to except from claim facilities suitable and now necessary for the manufacture of fertilizers.

Notwithstanding the foregoing position, it is hoped that the report of OCI will be available soon so that the details can be fully considered by the Departments of State and of the Army at the technical level, and so that this Government can supply estimates of the actual volume of industrial equipment likely to be available for removal in each category of industry on which the FEC has acted. The information which the OCI is obtaining as its principal mission is indispensable for such estimates, which the members of the FEC are anxious to receive.

Sincerely yours,

ROBERT A. LOVETT

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<sup>3</sup> August 14, 1947, Department of State. *The Far Eastern Commission*. Second Report by the Secretary General, July 10, 1947–December 23, 1948 (publication 3420, Far Eastern Series 29, U.S. Government Printing Office, Washington; March 1949), p. 25.

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740.00119 PW/1-2248

*The Assistant Secretary of State for Occupied Areas (Saltzman)*  
*to the Under Secretary of the Army (Draper)*

SECRET

WASHINGTON, January 22, 1948.

DEAR MR. DRAPER: There are two comments upon the OCI interim report on primary war facilities in Japan which appear important enough to make without awaiting the comments of SCAP which, it is understood, the Department of the Army has requested.

OCI recommends the retention in Japan for the benefit of the Japanese economy of sixty-seven plants which OCI acknowledges are properly classified as primary war facilities. If permanent retention is intended, this is, of course, quite contrary to agreed U.S. and FEC policy, and cannot be accepted by SCAP as a basis for implementation of the policies he is now executing. If temporary retention is intended, pursuant to FEC 084/21 which authorizes SCAP to except such facilities temporarily from destruction or removal in order to meet the needs of the occupation,<sup>1</sup> there arises a serious question of policy whether it

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<sup>1</sup> See paragraph 10, *The Far Eastern Commission*, 2d report, p. 30.

is not much better to stimulate instead rehabilitation and operation of those plants which, under existing policy, are certain to continue as a part of the Japanese peacetime economy. Plants retained temporarily under this authority must remain subject to reparations claim.

OCI observes that the fact that the plants in question are now in operation is a reflection of imagination, aggressive leadership or productive skill, and that the plants ready, willing and able to produce are the ones that can contribute expeditiously to Japanese economic recovery. Since shortage of raw materials and fuel rather than lack of productive capacity is the principal impediment to Japanese economic recovery, it is possible that the owners of the plants in question have in effect attempted to get the Allied authorities to give them special consideration with a view to obtaining decisions which are not consonant with the policies of the occupation authorities. The Department of States does not believe that this Government can defend in the FEC a course of conduct directly contrary to announced FEC policy on the ground that the Japanese have, since the war, created a *fait accompli* which must be recognized.

The second comment is with respect to the OCI recommendations for the deletion of a large group of plants on the general grounds that they do not conform to the criteria for primary war facilities laid down in SWNCC 236/43. If these recommendations are accepted, there will undoubtedly be many questions raised by the governments claiming reparations. It is suggested that OCI be informed of the necessity of providing justification for the recommendations in sufficient detail to enable SCAP to support each deletion.

Sincerely yours,

CHARLES E. SALTZMAN

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740.00119 Control (Japan)/1-2648

*The Assistant Secretary of State for Occupied Areas (Saltzman) to the Chief of the Civil Affairs Division, Department of the Army (Noce)*

WASHINGTON, 26 January 1948.

DEAR GENERAL NOCE: SANACC 236/51 (U.S. Policy with Respect to Definition of Japanese Occupation Costs and the Priority to be Accorded their Repayment) has been introduced into the Far Eastern Commission as FEC 288. The United States representation in the Far Eastern Commission probably will require very full information on amounts and types of costs which the United States Government has borne in connection with the occupation of Japan, if other FEC countries are to be persuaded to approve our proposals.

It is my understanding that the Department of the Army has in its possession full reports on occupation costs for Japan incurred by the United States between the Japanese surrender and September 1947. Can the Department of the Army make this data available for use by the U.S. Delegation to the Far Eastern Commission? The fullest possible information is desired, in particular, regarding expenditures incurred for imports into Japan to prevent disease and unrest and to accomplish the purposes of the occupation and regarding expenditures for maintenance and repatriation of civilians and Japanese military personnel including expenses incurred in returning Japanese nationals to Japan, removal of foreign nationals from Japan, and transfer from points outside of Japan of persons displaced by Japanese aggression. FEC 288 proposes that repayment for these two types of expenditures should constitute first and second priority charges against certain specified Japanese assets. All of the FEC countries, including the United States, will be expected, shortly, to table estimates of such costs.

An FEC classification of "confidential" could be given to any data which the Department of the Army supplies for use in the Far Eastern Commission.

Sincerely yours,

CHARLES E. SALTZMAN

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694.0031/2-1848 : Circular Airgram

*The Secretary of State to Diplomatic and Consular Officers*

WASHINGTON, February 18, 1948—8:10 a. m.

References are Department's Circular Airgrams *Reopening of Private Trade with Japan*, July 22, 1947<sup>1</sup> and *Amendment* to same, September 4, 1947,<sup>2</sup> and *SCAP Circular* 8, 30 August 1946, transmitted under cover *Foreign Service Serial* 667, Jan 17, 1947.<sup>3</sup> All regulations and practices outlined in references above stand with exception of following:

1. National quota restrictions on number of commercial entrants into Japan now abolished. Governments may sponsor as many traders as they desire, although, except in case of banks, insurance, shipping, and similar service companies, only two representatives from one firm will be permitted in Japan at a time.

2. Entry permits valid for 45 days after issuance in Tokyo, henceforth will permit each commercial entrant to stay in Japan for 60 days. Extensions may not be granted where trader is using hotel and other logistic facilities desired by waiting applicants. However, if entrant

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<sup>1</sup> *Foreign Relations*, 1947, vol. VI, p. 257.

<sup>2</sup> *Ibid.*, footnote 31, p. 257.

<sup>3</sup> Not printed.



can supply his own logistic support he may be permitted to stay indefinitely as "semi-permanent" resident and secure entry permits for his dependents and clerical assistants.

3. Applicants wishing to sell to and buy from Japan and those wishing to regain & operate prewar properties or examine prospects for investment in Japan contributing to rehabilitation of Japan will receive equal consideration for entry permits. Commercial entrants may seek restoration of their properties, and may also exercise limited powers of attorney for others seeking such restoration.

4. Export and import contracts will continue to be made between trader and Boeki Cho, the Japanese Board of Trade. Contracts subject SCAP approval but SCAP is not party thereto. Dollars or other acceptable currencies will be medium of exchange. For your info, SCAP has recently reached agreement with UK whereby sterling may be accepted for Japanese exports within specific limitations.

5. Transactional mail is now permitted, though formal contracts by mail or wire must be concluded with Boeki Cho, not Japanese dealer with whom preliminaries are conducted; payment is made through commercial letters of credit in favor of Boeki Cho.

6. Japanese firms are not now permitted to appoint agents outside Japan, but foreign firms, subject to SCAP approval, may appoint Japanese agents within Japan.

7. SCAP will approve certain "link transactions," arrangements whereby raw materials from abroad are processed in Japan, payment to be in form of part of finished product or in acceptable currency.

8. Cotton textiles, silk, and tea may now be bought by private traders in Japan, and list of available goods in airgram of July 22 has been substantially increased. Certain machinery and specialty items may be had on order. Only commodities on SCAP-approved import programs may be sold to Japan. Principal items on current program are: animal glue; asbestos; quebracho; borax; carbon black; coking coal; dyes and toners; dye intermediates; fats, oils, and waxes and materials from which they are derived; flint ball; crystalline graphite; gums, resins, and balsams; iron ore; pig iron; kaolin; natural lacquer; lead; manganese ore; mica; petroleum products; rosin; rubber (crude, scrap, latex); silicon steel sheets; soda ash; talc; tanning materials; tin plate; tungsten concentrate; tungsten and dumet wire; bristles; raw cotton, hides and skins; jute; ramie; rayon pulp; raw wool.

9. SCAP has announced that nations not having diplomatic representation in Japan may apply for permits either through U.S. Department of State or through the diplomatic mission representing their interests in Japan.

10. Suggest making above changes known to appropriate officials Government to which you are accredited and pointing out trade with

Japan is consistent with objectives of occupation; and that Japan must export in order to become self-supporting.

MARSHALL

740.00119 PW/3-448

*Memorandum of Conversation, by the First Secretary of  
Embassy in the United Kingdom (Drumright)*<sup>1</sup>

SECRET

[LONDON,] March 1, 1948.

Participants: D. F. MacDermot, Head, Japan and Pacific  
Department, Foreign Office  
D. J. Cheke, Japan and Pacific Department,  
Foreign Office  
Edwin M. Martin,<sup>2</sup> State Department  
Mr. Drumright

1. Mr. Martin opened the conversation with the remark that the Japanese reparations question was still an open one when he left the United States on February 11, 1948. Prior to his departure U.S. representatives had exchanged views on the subject with U.K. representatives, particularly with regard to the statistical basis of the Chinese claims and allocation. As a result of these exchanges, Mr. Graves of the British Embassy, Washington, had expressed the view and United States representatives had agreed, that nothing productive could emerge from further analysis of the Chinese position.

2. Mr. Martin went on to say that the situation had changed in one respect since the last discussion with Mr. Dening<sup>3</sup> and Mr. MacDermot in December, namely, that prospects for a Japanese peace treaty now appeared more remote. But we were still faced with the problem of getting on with a reparations program. The longer the reparations problem was postponed, the harder it would be to settle. The U.S. Government was now confronted with stronger pressure from U.S. interests regarding reparations, as witness recent developments pertaining to Germany. The sums of U.S. money now being sought for the rehabilitation of Germany and Japan are not inconsequential.

3. Mr. Martin then stressed the United States desire for a satisfactory reparations settlement. The State Department representatives, he said, had been cudgelling their brains for a solution. Moreover, General McCoy<sup>4</sup> had discussed the problem with the Soviets. In this relation, Mr. Martin expressed the view that whereas some compromise

<sup>1</sup> Copy transmitted to the Department in despatch 574, March 4, from London, not printed; received March 11.

<sup>2</sup> Acting Chief of the Division of Occupied Areas Economic Affairs.

<sup>3</sup> Maberly E. Dening, Assistant Under-Secretary of State, British Foreign Office.

<sup>4</sup> Maj. Gen. Frank R. McCoy (ret.), U.S. representative on the Far Eastern Commission and its chairman.

might be worked out, he doubted whether the Soviets would for their part give way. In Mr. Martin's view, the U.S. had given up, or was close to giving up, hopes of obtaining settlement through a general FEC agreement. The alternative, Mr. Martin asserted, was an interim directive within the FEC framework. But the U.S. would be most reluctant to issue an interim directive without 10-country agreement. He thought that effort should be made to reach such an agreement through informal talks.

4. Mr. Martin said that the new approach on which some U.S. officials had been working quite informally and with a full appreciation that this approach could be sold within the U.S. Government only with great difficulty involved the taking of several per cent off the total U.S. share and U.S. residual share of Japanese reparations, and the division of it into several bits among the three or four countries which had not expressed willingness to go along with the original U.S. proposal. The relinquishment of 5 per cent or 6 per cent of the 10 per cent U.S. residual share would benefit Britain, France, the Netherlands and India. If that sort of solution could be worked out and if the U.K. would support it, there would seem to be a good opportunity of getting a 10-country agreement. If the ten countries reached agreement, there would be a pool of 23 per cent to be divided. Probably the Soviets would not participate and consequently would obtain no share in the pool, although 4 per cent would be held for them.

5. Having outlined the foregoing proposal, Mr. Martin inquired whether there was any possibility of obtaining U.K. support of it. Mr. Martin stressed that the proposal was tentative, that it had not been cleared with the U.S. Government, and that it was thrown out informally as a possible basis for agreement. Mr. Martin went on to say that Japanese reparations presented a difficult psychological problem, that the U.S. people felt that the Japanese war was their war, and that they had contributed overwhelmingly to the defeat of Japan.

6. Mr. MacDermot replied that the psychological problem raised by Mr. Martin could be met by showing that other countries recognized the U.S. contribution to the Pacific war. Mr. Martin interjected to say that the U.S. wanted none of the Japanese reparations for its own use, but that it wanted to reserve something for Korea. Mr. MacDermot then said that the U.K. Foreign Office was inclined to agree that further discussions on the Chinese claims meant very little, and that it did not promise to be a likely avenue toward agreement. Mr. MacDermot went on to remark that he agreed that a reparations conference in relation to a peace conference was not a satisfactory way of reaching a settlement for the reason that a peace conference is not likely to be held this year. Commenting on the possibility of the issu-



ance of an interim directive, Mr. MacDermot expressed the view that it is a matter of some urgency to get reparation materials now in Japan moving.

7. Mr. Martin agreed with this view, adding that what is important is to decide what is to be left in Japan, as well as what is being sent away as reparations. Mr. Martin went on to explain that materials set aside for reparations are deteriorating and losing value daily. If agreement is not reached on the division of these materials, they might eventually be absorbed by the Japanese.

8. Mr. MacDermot then stressed U.K. obligations to Burma and the colonies. He said that political difficulties might arise if Burma's interests were not looked after, all the more so in view of the fact that Burma has become independent.

9. Mr. Martin elaborated at some length on the new U.S. approach. He pointed out that under it, the original U.S. claim would be reduced from 28 per cent to 23 per cent, of which five per cent would be retained and 18 per cent thrown into the distribution pool. Mr. Martin went on to say that the U.S. idea was that the eight recipient countries should agree among themselves as to the formula for distribution of the pool. Agreement might be reached to distribute on a *pro rata* basis—which China would probably favor—or it might be accomplished on some other basis. Mr. Martin then said the U.S. thought it neither wise nor proper that it should endeavor to allocate the residual shares, but that the recipient countries should undertake this task. In reply to a question by Mr. MacDermot, Mr. Martin said he thought the U.S. would not wish to specify *pro rata* distribution, but if the recipient countries could agree to such a formula, he (Mr. Martin) thought the U.S. would not object.

10. Mr. MacDermot then inquired as to the constitutional or legal basis of a decision by the recipient countries to accept reparation shares. In reply, Mr. Martin said that he was not certain as to the legal basis for such an agreement or as to the procedure to be followed. He was not certain whether distribution could be accomplished by interim directive, by exchange of notes among the powers concerned, or by U.S. directions to SCAP. It was a question which needed study and clarification.

11. Mr. MacDermot said that he wished to stress one further aspect of the problem. He said that the U.K. decision to claim 25 per cent of Japanese reparations had been reached by the U.K. Cabinet, and that if this decision were to be modified action to that effect must be taken by the Cabinet. Mr. MacDermot then said that if a lower percentage proved acceptable to the Cabinet for purposes of expediting settlement

of the current impasse, he thought that a proviso would likely be made that the U.K. reserved the right to claim 25 per cent of any further materials that might be set aside for reparations.

12. Mr. MacDermot then indicated that the Foreign Office would study the proposals advanced by Mr. Martin. He further indicated that the Foreign Office recognized the desirability of reaching an early settlement of the present impasse, and that the Foreign Office might in these circumstances take steps to urge the Cabinet to modify its original decision to claim 25 per cent of the reparations now available for distribution.

EVERETT F. DRUMRIGHT

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740.00119 FEAC/3-248

*Mr. Frank G. Wisner, Deputy to the Assistant Secretary of State for Occupied Areas (Saltzman), to the United States Representative on the Far Eastern Commission (McCoy)*

WASHINGTON, March 2, 1948.

DEAR GENERAL MCCOY: I should like to bring you up to date on Departmental views on the future treatment of FEC 230.

You will recall the discussions between yourself, Mr. Saltzman and myself in which he and I indicated the deep consideration which has been given to the course which should be taken with regard to this paper. It has been concluded that final decision on U.S. policy on this subject should be postponed until after the return of Mr. Kennan.<sup>1</sup>

Meanwhile, for your information and guidance, the Government has concluded to withdraw support from this paper in this particular form, but not to withdraw the paper physically from FEC. There should be no expression of this new U.S. position unless necessary. However, pending further instructions, the U.S. representative is requested not to take any further action on the paper. If the matter is raised by others, the U.S. representative should oppose as necessary any action or discussion which would move the paper forward. If it appears impossible to prevent active discussions of the paper which would move it forward, the appropriate U.S. representative should state that the U.S. no longer supports the paper in its present form because it is reviewing the whole deconcentration policy in the light of developments. If a vote is unavoidable, you should vote against the paper.

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<sup>1</sup> George F. Kennan, Director of the Policy Planning Staff, was on a trip to Japan and the Philippines; for his report of March 25, see p. 691.

If at any time you foresee the need of making such a statement or of vetoing the paper, and if time allows, I should appreciate being advised.

Sincerely yours,

FRANK G. WISNER

894.00/3-248

*Memorandum of Conversation, by Mr. Warren S. Hunsberger of the Division of Research for the Far East*<sup>1</sup>

CONFIDENTIAL

[WASHINGTON,] March 2, 1948.

Dr. Fine is on temporary duty in Washington. He called to answer questions concerning Japan. In the course of the conversation he expressed the following:

*Political Problems*

The recent fall of the Katayama<sup>2</sup> cabinet resulted not so much from immediate issues like SCAP's insistence on balancing the Japanese budget, as from basic economic problems which no Japanese cabinet can solve. As a result of these problems the Katayama cabinet gradually lost its support. Its coalition support lasted as long as it did, not so much from strength, as from an unwillingness on the part of others, especially the Liberal Party, to assume responsibility for overthrowing Katayama or forming a government.

There is no major antagonism, in the minds of the Japanese people, between the Japanese Government's attitude and policies and those of SCAP. Both the representative Japanese and the educated Japanese feel that an alignment with the US is to Japan's interest, rather than thinking of the Japanese Government as a pawn of the U.S. On its side, the US, in the Japanese view, is obligated by sheer self-interest to continue to make political and financial investments in Japan. The Japanese appreciate US support and friendship. There is no evidence whatsoever that the Japanese will stall in order to get more aid from the US. There has been some stalling recently, as in the case of the large coal producers, whose production records were very poor, but the evidence shows that the reason is price difficulties, especially price instability and a desire to consume [*conserve?*] Japan's limited resources.

A major Japanese need is a clear US program on the basis of which they can plan definitely for the next few years. At present they are overwhelmed by uncertainties.

<sup>1</sup> Present were Dr. Sherwood M. Fine, Economic Adviser, Economic and Scientific Section, SCAP; Maxwell M. Hamilton, in the Department on consultation for Japanese peace treaty negotiations; Hugh Borton, Special Assistant to the Director of the Office of Far Eastern Affairs (Butterworth); Marshall Green, Division of Northeast Asian Affairs; and Warren S. Hunsberger.

<sup>2</sup> Tetsu Katayama, Japanese Prime Minister, May 24, 1947-March 10, 1948.



The Economic Stabilization Board is a creature of SCAP. No head of ESB before Wada was effective. Other personalities in the Katayama Government, with few exceptions, were incompetents and political hacks. Some phases of administration have been much better handled under the Katayama Government than before, for example rationing, price control and food collections. Rice collections are now some 90% of quota, whereas a year ago only some 67% of quota had been collected. This remarkable record means an important reduction in reliance on the black market, with its consequent inflationary pressure.

A basic political problem is the struggle between the left and the right. The Communists, although few in number, are prominent in the ideological and propaganda struggle. They have a key group in the National Congress of Industrial Unions and probably expect to gain strength in Japanese unions generally. The basis for SCAP opposition to strikes is simple: SCAP cannot tolerate any major disruption of the Japanese economy; on the other hand SCAP studiously avoids interference in small strikes. The Communists are strong among teachers unions. The teachers are probably the worst off and most frustrated of all bureaucrats, and will represent first-class recruits for Communism until the economic situation improves. There is some development of sound progressivism in Japan, but Japan is still in the melting pot and the shape of the mold is still uncertain. Much distrust of past leadership exists. Inflation and economic distress are prompting the strangulation of the middle class. A fundamental factor is the fundamental extreme conservatism of the Japanese people.

The most important factor in determining whether Japan moves to the left or right is US policy.

### *Reparations*

US policy statements during the past year have seemed to the Japanese to indicate concern for the effects of reparations on Japan. There is no feeling that Japan can produce any large amount of reparations. Capital reparations cost so much to move as to be unattractive to potential recipients. For their successful use a country needs technology, technicians, a flow of raw materials, and an appropriate general level of knowledge on the part of the people. These requirements are largely lacking in the potential recipient countries. At the Baguio Conference of the Economic Council for Asia and the Far East, one interesting meeting discussed this problem and representatives from all kinds of governments and political systems agreed upon the need for technology.

*Japanese Representation at International Conferences*

SCAP representatives are sent to international conferences under a directive instructing SCAP to arrange such representation as he can.

*Economic Conditions*

The Japanese standard of living, always low, is now even lower. Prices are quite unstable. Agricultural production, always inadequate to feed the people, is now about normal. Industrial production is only 45% of the 1930-34 average, or 24% of the wartime peak. To secure the 1930-34 average standard of living for the present population would require industrial production at about 125% of 1930-34.

Two basic groups of factors account for the present low level. Losses connected with the war include severance of overseas territories, destruction of 30% of industrial capacity in Japan, disruption of prewar trade patterns with the areas which Japan occupied during the war, and loss of substantial insurance and shipping income (Merchant Marine income used to be \$100 million a year). Technological changes of importance are the decline of silk and the decline of Japan's cotton textile industry. Before the war Japan had about 12 million cotton spindles; at the end of 1947 only 1.8 million were in operation out of somewhat over 3 million still remaining. Japan has now about enough textile capacity for her domestic needs alone.

Cotton trade during the occupation has largely been financed by the US Commodity Credit Corporation, which has provided raw cotton for \$50 million of cotton textiles for domestic Japanese consumption and to which there was still outstanding as of the end of 1947 a \$70 million obligation. To repay this obligation is most difficult because of the problems in getting dollars encountered by countries which would ordinarily buy Japanese textiles. Consequently it may be necessary to sell Japanese cotton textiles in the US. Dr. Fine recommended to SCAP by cable a week after reaching the US that such sales be pushed. A textile mission under Dr. Jacobs of the American Cotton Manufacturers' Association has prepared a 16-point program. It is an ingenious scheme to sell Japanese cotton textiles for dollars without sales in the US. The principal suggestion is sales in former Japanese markets, a project SCAP explored when the problem first arose. The whole Far East wants to buy Japanese products, except raw silk, but cannot get the dollars. Other difficulties Japan is encountering in selling textiles in Asia arise out of antagonism to the Japanese, economic depression, and political disruption. The Netherlands East Indies have been one of the largest buyers of Japanese cotton textiles in the post-surrender period. In return Japan has received some metals and oil, and in the future may get some rubber.

Japan can get only part of its raw cotton from India. As a result of pressure from US cotton states a formula has been developed whereby Japan is to get her raw cotton as follows: 40% from the US, 38% from India, 2% from Egypt and 20% unallocated, but with the US a strong bidder for this last 20%.

Japan now gets her three major imports from the US, food, fertilizer, and petroleum. Food imports depend on allocations by the International Emergency Food Committee, to which allocations requests are tailored for appropriations. Food is shipped in US bottoms, received by the Japanese Board of Trade, stored by them under SCAP surveillance, and distributed through Japanese ration channels. Since the hungry summer of 1946, it has been possible through the exchange during the crop year of imported wheat for domestic rice, to provide rice for city consumption throughout the summer, when no rice comes into the cities from the farms. Salt is another important import. It used to come from China. It is now possible to get it from the US, but shipping costs bring its price in Japan up to 10 to 15 times the cost of Chinese salt.

Japanese food production is being pressed as hard as possible. All available area is being cultivated; including former golf courses and air fields. But Japan is confronted with a losing battle on food self-sufficiency because of diminishing returns from cultivation of limited acreage and because of population growth. Total population in Japan has risen from 72 million at the time of surrender to 78.5 million at present as a result of repatriation and natural increase. It appears that the rate of natural increase is now declining, although population statistics are not very good.

### *Economic Recovery*

Japan's major economic needs today are sufficient rice, textiles, housing and coal. Even present inadequate standards can be maintained only with considerable imports from the US; with trade patterns what they now are these imports from the US cannot be paid for with the proceeds of exports, and continued US aid is necessary. No recovery in Japanese production and consumption will come about without substantial and long-range rehabilitation of the economy.

Plans for economic recovery have been prepared in Japan as well as in Washington. The Economic and Scientific Section of SCAP drew up a plan in the fall. It was approved by General MacArthur and brought to Washington by Mr. Emerson Ross, and on it was based the Army Department's request for a \$180 million rehabilitation appropriation now before the Bureau of the Budget. In the early stages of the preparation of the ESS recovery plan the Japanese Government cooperated closely. Later the Japanese submitted a series of plans on different recovery problems, prepared at Dr. Fine's request by the



Japanese Government working on its own. These plans are in no sense official Japanese plans, since ESS wants to avoid difficulties such as those resulting from press reports about Japanese "demands" in connection with economic recovery.

Dr. Fine left Tokyo three weeks after General McCoy made his statement in the Far Eastern Commission on the US intention to foster economic recovery in Japan.<sup>3</sup> During those three weeks no instruction was received by SCAP on asking the Japanese Government to submit an official economic recovery program in accordance with General McCoy's statement.

The Japanese have not lost their capacity to work, and in this sense they represent a good bet for the US, in fact as good a place as any for US aid. There are no beggars in Japan. But this Japanese ability does not assure that success will be attained in plans to make Japan self-supporting. Such success depends on the world trade pattern and on the intelligence of the US aid program and other complementary programs. Present chaos in world trade is the basic difficulty.

As to the need for intervention in the administration and control of the Japanese economy, the growing SCAP intervention arose out of widespread Japanese incompetence and a certain amount of very able opposition such as that offered by former Finance Minister Ishibashi. Much of SCAP and ESS intervention is simply educating the Japanese, with whom there is much discussion and cordial exchange of ideas. Dr. Fine is not afraid SCAP is pampering or restricting the Japanese.

In administering a recovery program the Japanese should be given the maximum latitude, but SCAP must retain the right to insist on adequate performance. The US must determine a simple set of standards, especially setting up specific items for review and criteria for their review. It is a simple necessity that we gradually withdraw our intervention in the Japanese economy. We have much Japanese good will, and this will help in the administration of a self-support program.

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<sup>3</sup> January 21, p. 654.

740.00119 PW/3-1048

*The Under Secretary of the Army (Draper) to Mr. Frank G. Wisner, Deputy to the Assistant Secretary of State for Occupied Areas (Saltzman)*

SECRET

WASHINGTON, 10 March 1948.

DEAR MR. WISNER: Reference is made to a letter from Mr. Saltzman bearing the date of November 14, 1947 which transmitted a draft cable on the subject of Advance Transfers of Japanese Reparations.<sup>1</sup>

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<sup>1</sup> *Foreign Relations*, 1947, vol. VI, p. 439.

The cable referred to was not approved at the time of receipt in this office but no official reply was sent to you then because Mr. Lovett and I were engaged in a series of conferences and exchange of letters on the whole subject of Japanese reparations, with particular reference to the work of the Overseas Consultants, Inc.

The report of Overseas Consultants, Inc.<sup>2</sup> has now been received and is being distributed today. Accordingly, since the report involves analysis which should be given consideration in connection with further implementation of the Advance Transfer program, it is not believed advisable to send any cable on the subject to the Supreme Commander for Allied Powers at this time. Your draft cable is accordingly returned herewith.

Sincerely yours,

WILLIAM H. DRAPER, JR.

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<sup>2</sup> The so-called Strike report was dated February 26; see OCI letter of April 30, p. 970. The report was made public on March 10.

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740.00119 PW/3-2348

*The Joint Chiefs of Staff to General of the Army  
Douglas MacArthur*<sup>1</sup>

CONFIDENTIAL

WASHINGTON, 17 March 1948.

Serial No. 90

#### INTERIM DIRECTIVE REGARDING RESTITUTION OF LOOTED PROPERTY

The following interim directive, Serial Number 90, prepared by the State Department in accordance with paragraph III, 3 of the terms of reference of the Far Eastern Commission, has been received from the State, Army, Navy, and Air Force Departments for transmission to you for your information and guidance:

"1. The instructions here below are additions to and do not derogate from the full force and effect of FEC 011/12 (JCS Directive Number 57).<sup>2</sup>

"2. The SCAP should accord the same treatment to all property found in Japan, and identified as having been located in an allied country either at or during the time of occupation, and which was removed therefrom by fraud or duress by the Japanese or their agents, as that which he accords to objects in the 4 categories listed in para-

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<sup>1</sup> Copy transmitted to the Department by the State-Army-Navy-Air Force Coordinating Committee with SANA-5994, March 23, and by the Department on March 29 to the Far Eastern Commission and as instruction 46 to Nanking and as 63 to Manila.

<sup>2</sup> July 18, 1946; *Foreign Relations*, 1946, vol. VIII, p. 556; and see footnote 85, to letter from the Secretary General of the Far Eastern Commission, July 18, 1946, *ibid.*, p. 557.

graph 1 of FEC 011/12 (JCS Directive Number 57) identified as having been located in an allied country at the time of occupation.

"3. In the case of allied vessels subject to restitution the SCAP may, at his discretion, make delivery at Western Pacific points outside Japan whenever it would be to his advantage and whenever the recipient country agrees. If delivery is so made any costs of supporting and repatriating ships crews used for such delivery would only be borne by the recipient country if it specifically agrees to do so. In the case of delivery of other items of looted property unutilized outgoing shipping space of Japanese vessels being employed in the importation of goods or repatriation of Japanese from a restitution recipient country to Japan may be made available, at the expense of the Japanese Government but at the risk of the recipient country, to deliver such items at points outside Japan.

"4. After full opportunities have been given for inspection of objects known to have been looted the Supreme Commander for the Allied Powers is authorized to liquidate property, excepting gold, silver, precious metals, and cultural objects, known to have been looted but not identified pursuant to the terms of this paper. The proceeds of such liquidation shall form a secured fund to be entrusted to the care of SCAP, which may be used, in the discretion of SCAP, for the purposes of the occupation. The initial value of the secured fund is to be preserved by SCAP or his successor authority. The Governments of Australia, China, France, India, Netherlands, Philippines, and U.K. should have a priority right to purchase items offered for liquidation by foreign exchange acceptable to SCAP up to but not exceeding their recognized national reparations percentage shares (when determined, and adjusted to total 100 per cent, applicable to this fund) of industrial assets available from within Japan. The secured fund should finally be distributed among the countries herein specified in accordance with the percentage mentioned above, payable in U.S. dollars, or, at the discretion of SCAP, in foreign exchange acceptable to the recipient countries concerned. The secured fund shall be distributed to the recipient countries not later than 1 October 1949.

"5. The Supreme Commander for the Allied Powers shall create an agency comprising one representative from each of the restitution and reparations teams in Japan of the eleven member countries of the Far Eastern Commission, who desire to participate, to advise on restitution matters. In addition, the Supreme Commander or his deputy should act as the non-voting chairman of the agency. It may meet at the call of the Supreme Commander or at the request of any member. The Supreme Commander should notify the United States Government of the views of the agency when his views conflict with those of the majority of the member countries.

"6. In cases of doubt as to the adequacy of the evidence of ownership submitted to support a claim for an object known to have been looted, the Supreme Commander shall inform the other members of the advisory agency of the existence of the claim. The advisory agency, after examining the evidence, shall give its advice to the Supreme Commander as to whether the claim should be approved or the provisions of paragraph 4 above applied.

"7. No claims for the restitution of looted property should be lodged with SCAP after 8 months from the issuance of this directive to



SCAP; provided that after such terminal date, claims may, with the concurrence of SCAP, be lodged for property known to have been looted but not previously identified."

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740.00119 PW/3-2648

*Memorandum by the Navy Member of SANACC*<sup>1</sup>

CONFIDENTIAL

REPARATIONS REMOVALS OF MERCHANT SHIPPING FROM JAPAN

1. In SWNCC 384 the U.S. Government has stated that much greater effort must be made to bring about the early revival of Japanese economy on a peaceful and self-supporting basis. To this end, the removal of all Japanese merchant vessels from the program of reparations removals appears to be a logical step. Japan has been disarmed and her ability to make war destroyed. The Department of the Navy considers that the retention of all merchant ships now available to Japan, regardless of tonnage or speed, would not be inimical to the security interests of the United States or any other nation.

2. SWNCC 236/43<sup>2</sup> would make available for reparations removal Japanese merchant ships in excess of an aggregate of 2,000,000 gross tons, subject to the limitation that all vessels of more than 6,000 gross tons which have a speed in excess of 15 knots should be made available for claim.

3. As pointed out in SWNCC 236/48, any reduction in merchant ships available to Japan would, in terms of foreign exchange, be reflected in decreased shipping receipts for the transport of exports from Japan and increased payments to foreign shipping for the transport of essential Japanese imports. Depriving Japan of any merchant shipping now available to her would increase the time required for Japan to reach a self-supporting economy.

4. SCAP has recently reported<sup>3</sup> that in addition to the nine merchant ships listed in Appendix "B", SWNCC 236/52, there are ten additional ships falling into this category with a gross tonnage of 91,701 tons and three salvageable vessels totalling 23,353 gross tons which could possibly be made available for reparations claim. SCAP further urgently recommends that no merchant vessels be distributed as reparations since they are vitally needed for current and future minimum requirements of the Japanese economy.

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<sup>1</sup> Circulated to SANACC as SANACC 236/56, March 25.

<sup>2</sup> See SWNCC Army member's memorandum, April 7, 1947, *Foreign Relations*, 1947, vol. VI, p. 382.

<sup>3</sup> Telegram C 59067, March 6, from Tokyo, not printed.

5. I recommend that SANACC:

*a.* Approve the deletion in SWNCC 236/43 of the limitations with respect to individual tonnage and speed to be placed on the merchant shipping which Japan shall be allowed to retain. No change is recommended in the limitations to be imposed on the building of new ships or the retention of ship repair facilities.

*b.* That the U.S. Member of the Far Eastern Commission be informed of this amendment and that he be instructed to seek agreement within the Commission.<sup>4</sup>

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<sup>4</sup> In a memorandum of April 2, Maxwell M. Hamilton recommended to the Director of the Office of Far Eastern Affairs that consideration of the Navy paper be deferred until the return from Tokyo of the Under Secretary of the Army whereupon the Department could consolidate its position in the light of the Kennan report and Mr. Draper's views on Japanese level of industry and reparations. Mr. Butterworth agreed with this recommendation.

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894.30/1-348

*The Secretary of State to the Ambassador of the Soviet Union  
(Novikov)*

The Secretary of State presents his compliments to His Excellency the Ambassador of the Union of Soviet Socialist Republics and has the honor to refer to his note of January 3, 1948 regarding the disposition of certain combatant vessels of the former Japanese Navy.

Reference is made to the agreement reached in October 1945 between the Governments of the United States, Great Britain, China and the Union of Soviet Socialist Republics that all submarines and large surface vessels, above destroyer size, of the former Japanese Navy would be destroyed, and that destroyers and surface combatant vessels of lower tonnage would be divided equally among the four powers. On February 24, 1947 the Secretary addressed a note to the Soviet Ambassador<sup>1</sup> in which it was stated that the United States Government had been informed by the Supreme Commander for the Allied Powers that certain vessels of the Japanese fleet were then available for division among the four powers. There were attached to this note three tentative lists showing the probable disposition of former Japanese naval vessels with the exception of submarines and combatant vessels larger than destroyers. One tentative list included vessels classified "combatant and of destroyer tonnage or less" which were damaged, wrecked, sunk or required more than sixty days to place in operable condition and which were to be scrapped. A second list enumerated in four lots the vessels reported operable and available for

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<sup>1</sup> *Foreign Relations*, 1947, vol. VI, p. 362.

disposition as of June 18, 1946. One hundred and thirty-five vessels have been divided to date. A third list included vessels classified "combatant and of destroyer tonnage or less" which were operable or could be made operable within a period of sixty days and which would be delivered as soon as they became available. The Soviet Government accepted the proposal of the United States in its note to the Department of March 10, 1947<sup>2</sup> to the effect that the division of these ships should be entered upon without delay.

On October 28, 1947, in a memorandum for the Soviet Member of the Allied Council for Japan, the Supreme Commander for the Allied Powers referred to the fact that one hundred and thirty-five vessels had already been divided and stated that: "It is not contemplated that further deliveries of these vessels can be made for a considerable period of months in view of the present employment of the remaining vessels in occupation duties and other tasks required in implementation of the Japanese surrender. The Soviet Member, Allied Council for Japan, will be advised sufficiently in advance of any future division to allow for designation of representatives to participate in the inspection and drawing". A similar communication was addressed to the Chiefs of the United Kingdom and Chinese Missions in Japan.

It is the view of the United States Government that the action of the Supreme Commander for the Allied Powers in deferring the final disposition of these vessels neither contradicts nor violates the agreement of the four powers in October 1945 regarding the disposition of combatant vessels of the former Japanese Navy. The Secretary of State indicated in his note of February 24, 1947 that vessels other than those immediately subject to division would be distributed only as they became available. The Supreme Commander for the Allied Powers has stated that the remaining vessels are presently employed in occupation duties and other tasks required in implementation of the Japanese surrender. The United States Government considers that the Supreme Commander for the Allied Powers has the authority to defer the final disposition of the vessels as long as those vessels are in his judgment necessary for the performance of occupation duties or other tasks required in the implementation of the Japanese surrender.

Copies of this note are being transmitted to the British and Chinese Ambassadors.

WASHINGTON, April 1, 1948.

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<sup>2</sup> *Foreign Relations*, 1947, vol. VI, p. 372.



711.94/4-648

*Memorandum by the Assistant Secretary of State for Economic Affairs  
(Thorp) to Director of the Office of Far Eastern Affairs  
(Butterworth)*

TOP SECRET

[WASHINGTON,] April 6, 1948.

Subject: Recommendation with Respect to U.S. Policy Toward Japan.

In my absence, several members of my staff have studied Mr. Kennan's report <sup>1</sup> and I am forwarding their comments without change.<sup>2</sup> I have also read the report myself and wish to say it is a most valuable analysis, and should provide the basis for a rapid and constructive reformulation of our policy in Japan.

I cannot underline sufficiently the section on economic recovery needs. This is in large part a matter of reviving trade between Japan and other Eastern countries. One point which might be worth study in this connection is a gradual restoration of direct relations between the Japanese Government and foreign governments, especially with respect to economic matters, a matter not discussed by Mr. Kennan.

With regard to the recommendations on the reform program, I believe some modification of the language or clarification of meaning would be desirable. I believe that although the general principles on which the reform recommendation is based are sound, it is clear that a premature relaxation of all SCAP's pressure might make the achievement of minimum essentials of the program in certain important areas impossible.

The attached comments relating to reparations are particularly detailed. The facts presented do not appear to correspond with the basic assumptions of Mr. Kennan's reports, either in terms of the burden on the Japanese economy or the advantages to receiving countries. The specific facts seem to refute the general allegations on the economic aspects of the problem.

Whether or not to have reparations is essentially a political problem, the form which they are to take is an economic one. A decision to reduce reparations will have major political repercussions. All Far Eastern countries feel deeply that simple justice requires that Japan make reparation in some form. They have also associated intimately in their minds the reparations and security problems. The objections which General MacArthur raises to remilitarization of Japan are objections which they would level against Mr. Kennan's views on reparations. The ERP countries with colonies in Asia, notably the

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<sup>1</sup> PPS/28, March 25, p. 691.

<sup>2</sup> Not found attached to file copy.

U.K. and France, have found it necessary to consider the prestige as well as the economic implications of demands upon them for Japanese industrial reparations which have arisen in their colonies. As a country which built up its plant during the War, it is difficult for us to understand the pressures from other countries for reparations but it is a strong political fact.

These political considerations which would justify standing on present policy may not outweigh others which justify its abandonment. We should be aware, however, of what is involved in adopting Mr. Kennan's recommendation. The FEC would not agree to a reparations program going no further than—and perhaps not as far as—the existing 30% project. The U.S. Government could not take unilateral action without exciting the deepest resentment and inviting the antagonism of the FEC countries. They would certainly regard such a move as violating both existing international reparations commitments and the terms of reference of the Commission; they might regard it as requiring break-up of the Commission itself.

In the meantime, it seems only natural to expect the Far Eastern countries, if their views have been disregarded on this question, to be reluctant, to say the least, about cooperating in the program of economic recovery for Japan which is a prime objective of present U.S. policy. It is, I believe, generally recognized that the active cooperation of these countries is a *sine qua non* of Japanese recovery. I may add that if this issue were to cause the break-up of the FEC, we should lose a useful negotiating mechanism for securing the support of these countries for measures essential to Japanese recovery.

If one assumes that reparations are politically necessary, the present 30% plan cannot be regarded as a solution since it relates to only four countries. There may be room for some adjustment, but the present program is probably, from an economic point of view, as good as any. I am not convinced either that it imposes a heavy burden on the Japanese economy or that it will seriously hamper recovery. No reparation formula can meet the tests suggested by Mr. Kennan—it necessarily constitutes a loss and cost to the paying country. However, it seems to me that the form of reparations is a less crucial problem than the more fundamental one of the attitude of the other countries on this matter, and our commitments to them. It is obvious that the U.S. interest and approach differs from that of other countries, just as it did in the negotiations of the Paris Peace treaties.

Most important of all, it is urgent that some definite and final settlement of the reparations problem be reached promptly. Further delay, review, or restudy of details would reflect a type of vacillation which is more damaging to Japan than almost any kind of concrete program,

not to mention the damage it does to the standing and purposes of the U.S. in the rest of the world.

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894.50/4-948

*The United States Representative on the Far Eastern Commission  
(McCoy) to the Secretary of State*

WASHINGTON, April 9, 1948.

MY DEAR MR. SECRETARY: I enclose a copy of a statement which was read by the Delegate of the Union of Soviet Socialist Republics at the meeting of the Far Eastern Commission held on April 8, 1948.<sup>1</sup> In this statement the Soviet Delegate refers to the statement made by the United States Government on January 21, 1948<sup>2</sup> to the effect that it would be necessary to work out new measures for the establishment of a self-supporting economy in Japan. He urges that sufficient time has elapsed since January 21, 1948 for plans to have been made and submitted to the Far Eastern Commission for its consideration, but that no plans have been made available to the Far Eastern Commission. The Soviet Delegate stresses the fact that while no plans have been proposed by the United States to the Commission, the United States press has again and again contained articles which "refer to the fact that the United States Government is working out its policy in regard to reconstruction of the Japanese industry and is planning the allotment of certain credits for this purpose . . ." The Soviet Delegate claims that all of this has for its purpose unilateral action by the United States Government and evasion of the responsibilities of the Far Eastern Commission. On a separate sheet enclosed there is given a chronological sequence of Far Eastern Commission papers in regard to this matter.

I am persuaded that the statements made by the Soviet Representative are in a sense based on a misunderstanding of the actual situation, and I feel that the Department will wish to consider the statement of the Soviet Representative in the light of its statement of January 21, 1948 and against the background of newspaper articles since that date in the preparation of information which I might use for the benefit of the whole Commission.

Respectfully submitted,

FRANK R. MCCOY

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<sup>1</sup> See annex 2, p. 725.

<sup>2</sup> *Ante*, p. 654.



[Enclosure]

CHRONOLOGICAL LIST OF FAR EASTERN COMMISSION PAPERS RELATING  
TO UNITED STATES PROPOSALS FOR ECONOMIC REHABILITATION IN  
JAPAN AND SOVIET REACTION THERETO

1. *FEC-292*. Subject: United States Statement on the Economy of Japan

This document is a statement based on a statement given to the press by the Department of State on January 21, 1948. This statement was read to the members of the Far Eastern Commission by the American Delegate on January 21, 1948.

2. *FEC-298*. Subject: Soviet Proposal Concerning Planned Credits for the Reconstruction of Japanese Industry

This document was submitted to the Far Eastern Commission on February 24, 1948 for consideration by the Far Eastern Commission at its meeting on February 26, 1948. In this document the Soviet Delegate quotes an item taken from a Chinese Central News report from Japan which refers to the United States statement on the economy of Japan (cf. Item 1). The Chinese news report alleges that the United States is preparing to devote certain sums of money for industrial reconstruction in Japan. The Soviet Delegation asks for information as to what investments the United States has made in the period 1945-47 for the purpose of reconstruction of Japanese industry.

3. *FEC-298/1*. Subject: United States Statement in Reply to Soviet Questions Concerning Reconstruction of Japanese Industry

This document is a statement made by the United States Representative to the Far Eastern Commission on March 4, 1948 in reply to the questions raised by the Soviet Delegation in *FEC-298* (cf. Item 2).

4. *FEC-298/2*. Subject: Soviet Statement Concerning Planned Credits for the Reconstruction of Japanese Industry

This document is a statement made by the Soviet Delegate to the Far Eastern Commission at its meeting on April 8, 1948. This is the document which is being brought to the attention of the Secretary of State for possible reply. In this statement the Soviet Representative states his opinion that sufficient time has now elapsed for the completion and presentation to the Far Eastern Commission of the plans forecast by the United States statement of January 21, 1948. He complains that no plans have been submitted, and indicates by reference to further articles in the press that apparently the United States is proceeding with its plans for reconstruction of Japanese industry and

the allotment of credits without reference to the Far Eastern Commission. Specific reference is made to articles appearing in the "New York Herald Tribune" and "PM" of April 7, 1948.

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894.50/4-2348

*The Secretary of the Army (Royall) to the Acting Secretary of State*

WASHINGTON, 23 April 1948.

DEAR BOB: Thank you for your letter of 8 April 1948<sup>1</sup> advising me that the Department of State will give unqualified support to the Department of the Army's request for appropriation of funds for rehabilitation in Japan, Korea and the Ryukyus.

It is noted that the Department of State and this Department are in agreement with respect to the legislation which should be pressed for passage by the Congress, i.e., that each Department prefers the passage of the general enabling legislation covering the entire program for occupied areas. However, the draft of the bill inclosed by you is not the latest draft agreed upon by our respective representatives. In order that there may be a record of our understanding I inclose a copy of the latest draft for your file.<sup>1</sup> The difference in your draft and the latest draft is underscored on the inclosure in order that you may readily note the changes. The change with respect to the RFC and coordination, etc., with the Administrator for Economic Cooperation were inserted at the insistence of staff members of the House Foreign Affairs Committee.

I also inclose a copy of a re-draft of the bill dealing with the request for an appropriation of \$275,000,000 for rehabilitation in Japan, Korea and the Ryukyu Islands which has been reduced to \$220,000,000 covering a twelve-month period following the passage of the bill.<sup>1</sup> It has also been changed to authorize and direct the RFC to make advances not exceeding \$40,000,000 to carry out the purposes of this act. The purpose of this re-draft is to comply with the request made by staff members of the House Foreign Affairs Committee who desire an alternate bill in the event favorable action is not given to the more comprehensive bill. I am informed that our Departments are in agreement on the technical language of this latter bill and the fact that it should be enacted only in event of failure of the passage of the broader enabling legislation.

I am also informed that since the receipt of your letter representatives of both our Departments have discussed with members of the House Foreign Affairs Committee the best strategy for obtaining early

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<sup>1</sup> Not printed.

action on this legislation. However, it may be necessary to have additional consultations with the committees concerned with these bills.

I appreciate very much the cooperation of your Department and hope that together we may obtain early action in respect to the foregoing.

Sincerely yours,

KENNETH C. ROYALL

894.50/4-2348

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

RESTRICTED

No. 243

TOKYO, April 23, 1948.

[Received May 3.]

SIR: As of possible interest to the Department in connection with this Mission's view that the economic deconcentration program in Japan should be completed as a matter of urgency, I have the honor to transmit as enclosures herewith copies of certain self-explanatory papers prepared in the Antitrust and Cartels Division.<sup>1</sup> Other pertinent papers were forwarded with the Mission's despatch 126, February 27, 1948.<sup>2</sup>

Respectfully yours,

W. J. SEBALD

[Enclosure]

*Recommendations Prepared by the Antitrust and Cartels Division of SCAP in Tokyo in March 1948*

RESTRICTED

1. That the control of the Zaibatsu be eliminated and that actions be taken to prevent the Zaibatsu from regaining their control.

2. That domestic cartels, such as control associations be eliminated and actions taken to prevent their redevelopment.

3. That restrictive controls over private business, such as unnecessary licensing and quota and inspection provisions, be prohibited.

4. That ownership in private businesses be distributed widely and that divestiture of government ownership in private companies be accomplished quickly.

5. That excessive concentrations of economic power be reorganized into independent companies quickly and without impairing large-scale production efficiencies or hampering the speedy economic recovery of Japan.

<sup>1</sup> Two papers not printed ; third paper printed below.

<sup>2</sup> Not printed.



6. That anti-trust and anti-cartel legislation be administered equitably so as to prevent unfair competition and unreasonable restraints of trade.

7. That governmental restrictions, necessary for completing the transition from Zaibatsu control to private-independent ownership, be eliminated as promptly as possible and that agencies and legislation needed for such transition be eliminated as soon as the job is done.

8. That deconcentration increase the number of independent sources of credit and number of independent producing and distributing outlets, without establishing any maximum or minimum sizes or numbers of such independent operations for the future.

9. That liabilities of companies suffering war losses be capitalized promptly so as to establish financially sound companies.

10. That United Nations nationals, who were investors as of 7 December 1941, be restored their shares and given opportunity to receive prompt adjustment of additional claims and that all United Nations nationals be assured equitable treatment with Japanese investors to extent of no discriminatory legislation or governmental administration.

11. That SCAP see to it that the entire deconcentration program, which includes actions which will establish a reasonable basis for freedom of enterprise and competition without special privileges, is administered efficiently, speedily, and to the advantage of Japan's economic recovery.

12. That public announcement from high authority be made of the recommendations made herein and that such notice include statement that examination of the actions taken and the actions planned indicate that the present administration is practical.

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740.00110 PW/9-1548

*Overseas Consultants, Inc., to the Secretary of the Army (Royall)* <sup>1</sup>

NEW YORK, April 30, 1948.

DEAR SIR: Supplementing our report, dated February 26th 1948,<sup>2</sup> we have now reviewed the section on reparations of the Report on the Economic Position and Prospects of Japan and Korea made under date of April 26th, 1948 by a Committee of which Mr. Percy H. Johnston was the Chairman.<sup>3</sup> In accordance with your request, we submit herewith the following comments on this report.

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<sup>1</sup> Copy transmitted to the Department by the Secretary of the Army on May 26.

<sup>2</sup> See Under Secretary Draper's letter of March 10, p. 958.

<sup>3</sup> Made public on May 19.

The philosophy expressed and the conclusions arrived at with the exceptions noted below, agree with those in Section B of our Report of February 26th, 1948. There are the following specific differences in recommendations as to facilities that should be made available for reparations:

(1) We recommend that shipyards having a capacity of 385,000 gross tons be made available for reparations, while the Johnston Committee recommends that yards with a capacity of only 162,000 gross tons be made available. Our recommendation was based on our belief that steel could not be produced in Japan to permit the utilization of shipyards with more than 400,000 tons annual capacity and that, in view of the world shortage of steel, the probability of the Japanese being able to import steel for shipbuilding in the next several years was remote. We know of no reason to change this opinion, but, if steel can be provided to utilize additional shipyard capacity, we agree that additional shipping, if it could be produced, would be important to the economic recovery of Japan.

(2) The Johnston Committee recommends that only about one-third in value of Primary War Facilities be made available for reparations. At the time of our study Primary War Facilities were designated for reparations in controlling directives. It now appears that certain of these facilities, which are suitable for general peacetime manufactures, are not considered by SCAP to constitute a dangerous war potential, and we therefore agree that such Primary War Facilities as can be effectively used in the peacetime economy of Japan should be retained. As we said in our Report, we believe that Japan will need more rather than less industrial equipment than she now has to achieve a self-sustaining economy.

(3) The Johnston Committee recommends removal of nitric acid plants having an annual capacity of 83,000 metric tons, while our report recommended the removal of plants having an annual capacity of 107,000 tons. Our conclusion was based on our belief that the retention of more than 30,000 tons of nitric acid annual manufacturing capacity might constitute a dangerous war potential, although we stated in our Report that more nitric acid would be needed. If such additional capacity is not considered to be a dangerous war potential, we agree that additional capacity could be retained over that which we specifically recommended.

It is urgent that a final reparations policy be established without delay. The most practical and expeditious method to accomplish this would be for our Government to adopt as its policy the philosophy and conclusions expressed in both the Reparations Section of the Johnston Report and in Section B of our report.

By Order of the Board of Directors of Overseas Consultants, Inc.

CLIFFORD S. STRIKE  
*President*

740.00119 PW/5-2148

*The French Ambassador (Bonnet) to the Under Secretary of State  
(Lovett)*

[Translation]

WASHINGTON, May 21, 1948.

The Ambassador of France presents his compliments to His Excellency the Under Secretary of State and has the honor to communicate the following information:

The Far Eastern Commission having been unable to reach a decision on general policy with respect to Japanese reparations, the United States Government deemed it necessary, in February 1947, to make an emergency decision under Article III, par. 3 of the Commission's terms of reference, to the effect of distributing part of the interim program, without further delay, among the countries that suffered from Japanese occupation.<sup>1</sup> Now, France, whose Indo-Chinese territories were subject to Japanese aggression, was surprised at not having been included by the Government of the United States in such emergency distribution.

As a result, France has suffered in Indo-China a material loss and a loss of moral prestige which the current situation in Annam makes particularly trying. Since it is impossible for her to restore her machinery and equipment, Indo-China has, in any event, urgent need of the equipment represented by the reparations, which would be transferred direct to that territory.

The discussions of the Far Eastern Commission, which are being carried on under the difficult conditions known to the United States Government, have not yet made possible a way out of the impasse with respect to Japanese reparations. For this reason the French Government fails to understand by what considerations it, alone, of the Governments whose territories suffered Japanese aggression, could continue to be excluded from any emergency allotment. It therefore hopes that the United States Government will correct this omission at the earliest possible moment, and that it will give the French Government the benefit of an emergency allotment, as it has already deemed it necessary to do for China, the Netherlands, the Philippines, and the United Kingdom.

Mr. Henri Bonnet avails himself of this occasion to renew to the Honorable Robert A. Lovett the assurances of his very high consideration, and would appreciate it if the Under Secretary of State would

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<sup>1</sup> See telegram 70, FEC 10, March 3, 1947, 4 p. m., to Tokyo, *Foreign Relations*, 1947, vol. VI, p. 366.



be good enough to inform him of the action decided upon by the United States Government with reference to this note.

H[ENRI] B[ONNET]

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740.00119 PW/6-548

*Memorandum by the Assistant Secretary of State for Occupied Areas  
(Saltzman) to the Secretary of State*<sup>1</sup>

TOP SECRET

[WASHINGTON,] June 5, 1948.

Subject: Japanese Reparations: Conference Requested by Secretary of the Army.

MR. SECRETARY: Discussions between State and Army on the question of Japanese reparations are now deadlocked around the question of the level of industry which should serve as the basis for the reparations program.

The Secretary of the Army has indicated in his letter to you of May 26<sup>2</sup> that he believes that this level of industry should be based upon the recommendations of the Overseas Consultants Incorporated and the Johnston Committee. He will probably present the following arguments.

1) The U.S. Government should not approve a reparations program for Japan which would hamper its attainment of economic self-support.

2) The Overseas Consultants Incorporated were employed by the Department of the Army at a cost of \$650,000 and its recommendations represent conclusions based on the most recent and authoritative analysis of qualified experts. Those conclusions are supported by a group of outstanding businessmen, headed by Mr. Percy Johnston and including Mr. Paul Hoffman.<sup>3</sup>

3) This position is also supported by General MacArthur.

The Department, of course, is in full accord with the concept that reparations removals should not hamper Japan's attainment of self-support. However, we believe that the Department of State should reject the Army's views on the level of industry issue for the following reasons:

1) Economic grounds: We believe that the OCI has incorrectly described the extent of industrial capacity which can be made available for removal as reparations without damage to Japan's economic recovery. As stated more fully in Tab A,<sup>4</sup> the OCI report has over-estimated Japan's import needs to attain a reasonable peace-time

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<sup>1</sup> Approved by the Secretary (General Saltzman's memorandum of June 9).

<sup>2</sup> Not printed.

<sup>3</sup> Administrator of the Economic Cooperation Administration.

<sup>4</sup> Not printed; it was entitled "Comparison of State Department and OCI Recommendations on assured levels of industrial capacity for Japan".

standard of living and has provided for retention of capacity which, in view of lack of sources of raw materials or available markets, cannot be of benefit to the Japanese economy unless supported by greatly increased U.S. appropriations.

2) Political grounds: The Army's position would be so unacceptable and antagonizing to FEC member nations as to result in long-term disadvantages to the United States.

a) The U. S. Government has taken the lead in bringing about international agreements on reparations embodied in the Potsdam Declaration and in FEC policy decisions; the United States approved of each of these agreements and they are considered by other countries to be commitments of our Government.

b) We believe that for the U. S. Government to make the level of industry recommended by the Army Department the basis for a Japanese reparations program would be regarded by other FEC countries as a unilateral, arbitrary and unfair action. FEC countries might not accept the economic grounds (Tab A) upon which the OCI level would have to be defended. Therefore, acceptance of the Army's reparations program, which includes in its terms the requirement for a positive FEC decision, would probably result in no reparations at all during the period of the occupation and would leave a most troublesome issue for the Peace Conference. The FEC countries would feel that even if the U. S. should provide for some reparations based on the OCI level by use of unilateral action they would continue to have valid and unsatisfied reparations claims against Japan.

3) An examination of cables from SCAP does not convince us that he considers the OCI position is the minimum level necessary for economic recovery and Japan's achievement of self-support.

The State Department's program for a final settlement of the reparations problem is set forth in Tab B.<sup>5</sup> This program is based upon a level of industry which modifies previously adopted FEC policies, in the light of the OCI recommendations, but is considerably lower in major industries such as steel than are the recommendations of the OCI. (See Tab C for comparison of the various positions on level of industry.<sup>6</sup>)

Further, our program provides the following four safeguards:

First, and most important, SCAP, by virtue of authority already granted to him in FEC policy, may retain any industrial plant needed for the purposes of the occupation, that is, any facilities needed for achieving Japanese economic self-support;

Second, claimant countries are required to pay the costs of transportation;

Third, claimant countries must complete removals within two years;

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<sup>5</sup> Printed below.

<sup>6</sup> Not attached to file copy.

Fourth, claimant countries must provide evidence that removed facilities are capable of practical use in their countries.

Finally, we feel that this program, though it may disappoint many FEC countries, is one behind which substantial support may be marshalled and which should provide a prompt and final solution.

If the Secretary of the Army cannot agree at this time to the program proposed by the Department of State, we recommend that he be informed that we desire the attached cable (Tab D) to be despatched by the National Security Council to General MacArthur.<sup>7</sup> In this cable General MacArthur's views are requested on certain points, particularly with respect to whether, as alleged by the Army, he considers that the OCI level is indispensable to Japanese self-support, or whether the level advanced by the State Department is adequate when considered with its accompanying safeguards. This cable sets forth dispassionately the various considerations which have been presented on the reparations issue without reference to the positions taken by the two Departments.

Mr. Thorp and Mr. Butterworth concur.

CHARLES E. SALTZMAN

[Annex]

"TAB B"

TOP SECRET

[WASHINGTON,] June 2, 1948.

#### STATE DEPARTMENT'S PROPOSED REPARATIONS PROGRAM FOR JAPAN

To the end of reaching a definite, speedy and final settlement of the reparations problem in a manner consonant with existing U.S. international obligations and contributing to our broad international interests in the Far East, and having in mind that reparations is primarily an international political problem, the reparations impasse should be resolved in accordance with the following principles and procedures. Diplomatic approaches should be made at a high level to friendly FEC Governments to secure their support for these principles and procedures in the context of our overall policies for Japan.

(1) The U.S. Government should rescind the Advance Transfer and Allocation Procedures Interim Directive.<sup>8</sup> The U.S. Government should announce its position to be that Japanese external assets located in the territories of countries at war with Japan should be retained by such countries as reparations.

(2) The U.S. Government should use its authority to issue an interim directive on reparations shares as the legal basis for setting in

<sup>7</sup> For memorandum of June 18 to the National Security Council, see p. 977.

<sup>8</sup> Serial 75, April 4, 1947, *Foreign Relations*, 1947, vol. vi, p. 376.



motion a definite reparations program. In addition to establishing national percentage shares this directive would provide for such administrative limitations upon actual removals as would minimize the adverse effect removals might otherwise have upon prompt and effective economic recovery in Japan and Japan's attainment of self-support. To this end, the directive would stipulate that, for the purposes of this program:

(a) National percentage shares should apply only to industrial facilities in excess of the levels of industry embodied in Subsection C and only such facilities should be inventoried for actual removal under this program;

(b) The authority already granted expressly by the Far Eastern Commission policy decision (para 10,<sup>9</sup> FEC 084/21), to retain any particular industrial facilities in Japan, whether or not inventoried for removal, should be exercised by the SCAP on a showing that he considers retention of any such facility necessary for the purpose of Japanese self-support, or, in other words, necessary to meet the needs of the occupation.

(c) Removals should be completed, under this program, within two years.

(d) Claimant countries should be required to provide evidence that the useful employment of requested facilities is practicable.

(3) Before the above steps are taken, the U.S. Government should endeavor to obtain maximum international support through diplomatic channels for the industrial levels embodied in Subsection C. When, in due course, favorable FEC action has been taken on any of those levels, appropriate directives should be sent to SCAP.

(4) In the meantime, the terms of the interim directive setting in motion the removals program will make clear to both SCAP and the FEC countries that it is the opinion of the U.S. Government that industrial capacity up to the proposed U.S. levels stated in Subsection C will be needed for purposes of the occupation and that those levels will be the basis for determining reparations availabilities. In addition the FEC countries would be reminded that SCAP possesses an over-riding authority to retain any particular plant in Japan, whether or not he has inventoried it as being in excess of the levels in Subsection C, on a showing that he considers its retention essential for the purposes of the occupation.

(5) Further, in the implementation of this reparations program, SCAP should adopt the procedures set forth in Appendix 1.<sup>10</sup> Those procedures are substantially the same as the procedures embodied in the U.S. interim directive, JCS Serial No. 75 of April, 1947, to which,

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<sup>9</sup> August 14, 1947, *The Far Eastern Commission*, 2d report, pp. 25, 30.

<sup>10</sup> Not found attached to file copy.

in the meantime, the support of most FEC countries has been obtained. Several new provisions have been added. Those below are designed to expedite disposal of the reparations problem :

a. SCAP should publicly designate the specific facilities in excess of the levels in Subsection C as being available for reparations. He should likewise designate the facilities required to be retained in Japan for purposes of the occupation, and should inform the Japanese that these latter facilities and all other industrial facilities in Japan are to be immune from reparations removal during occupation ;

b. Each of the claimant countries should submit to SCAP carefully scheduled reparation removal plans within 90 days of SCAP's initiation of this program under which they guarantee to remove prescribed quantities of requested, available reparations facilities, within their respective reparations shares, each quarter during the two-year period in designated, demonstrably available bottoms for the stated purpose of re-establishing those facilities in their own countries ;

c. SCAP should make the final allocation on the basis of these specific undertakings, and should inform the Japanese Government that all plants previously declared available but not included in the final allocations are to be immune from reparations removal during the occupation ;

d. SCAP should ensure delivery at dockside of the allocated facilities in accordance with the removal schedules ; and

e. If at any time a claimant country fails to remove facilities delivered at dockside in accordance with the removal schedule, the quantity of facilities made available to that country under the delivery contract should be correspondingly reduced by SCAP and the released facilities removed from the list of allocated facilities.

(6) The U.S. Government should, at an appropriate time following the 90 day period during which allocations to claimants are to be completed, publicly announce that the industrial facilities declared immune from reparations removal during the occupation (see para (5)a. and (5)c. above) should be, in the view of the U.S. Government, permanently immune from reparations removals.

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740.00119 PW/6-1848

*Memorandum by the Under Secretary of State (Lovett) to Rear Admiral Sidney W. Souers, Executive Secretary of the National Security Council*

TOP SECRET

WASHINGTON, June 18, 1948.

Subject: Proposed cable to General MacArthur regarding Japanese Reparations.

The Department of State and the Department of the Army have had under discussion the settlement of the problem of Japanese repa-

rations as part of the policy recommendations relative to Japan which the Department of State has recently submitted to the National Security Council.<sup>1</sup> The Department of State and the Department of the Army have been unable to reach agreement on a reparations program. In such a program the level of industry to be used as a basis for determining industrial equipment which may be made available for claim by reparations claimant countries is the essential element. This is a matter on which SCAP's views are not clearly known but are of great importance and would probably be of help in reaching a solution.

The Department of State and the Department of the Army feel that it would be desirable that the National Security Council send a cable to General MacArthur explaining the problem as it is now seen here and requesting his answers to certain pertinent questions. A cable has been drafted jointly by the two Departments for this purpose. I am attaching it with the request that you send it to General MacArthur.<sup>2</sup>

ROBERT A. LOVETT

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<sup>1</sup> NSC 13, June 2; for text, see annex 2 to memorandum of May 26 (PPS/28/2), p. 776.

<sup>2</sup> For General MacArthur's telegram C 62519, July 25, in reply to telegram WAR 84232, June 18, see p. 983.

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894.50/6-2148

*The Secretary of the Army (Royall) to the Secretary of State*

CONFIDENTIAL

WASHINGTON, 21 June 1948.

DEAR GENERAL MARSHALL: I am informed that at the 110th meeting of the Far Eastern Commission on 9 June 1948 representatives of the governments of the Philippines, France and Australia indicated that instructions had been received which would permit their support for the "Policy Towards Japanese Industry—Level of Economic Life in Japan" contained in FEC 242/32.<sup>1</sup>

As you know, neither the State nor the Army Department is now in agreement with the provisions of this paper. Since industrial levels in Japan are the basis for a reparations policy which will be included in the decision of the National Security Council on the policy paper now before it, it seems important to me that the United States representative on the Far Eastern Commission should be specifically instructed to oppose any attempt to approve FEC 242/32 prior to final U.S. policy decisions in the National Security Council.

In a letter from Mr. Frank Wisner, Deputy to the Assistant Secretary of State for Occupied Areas, to General McCoy,<sup>2</sup> the latter was

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<sup>1</sup> See last paragraph of telegram 212, June 11, 7 p. m., to Tokyo, p. 812.

<sup>2</sup> Letter of March 19 not printed, but see footnote 3, p. 667.



advised to delay action on FEC 242/32 and, if necessary, to prevent a vote in the full Commission "pending Mr. Kennan's return from his conversation with General MacArthur and analysis of his report". Since Mr. Kennan has returned and his report has been analyzed and made the basis of the National Security Council policy paper, it would seem appropriate to explain the situation to General McCoy so that he would understand the reasons for the instructions I have suggested.<sup>3</sup>

Sincerely yours,

KENNETH C. ROYALL

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<sup>3</sup> On July 2, Mr. Lovett replied that he was sending Mr. Royall's letter to General McCoy for his information and added that "the mandate to delay action on FEC 242/32" was "still in effect". Mr. Lovett also took occasion to urge "that the U.S. determine its position on this matter as soon as possible." The exchange of letters was sent General McCoy on July 6. For Mr. Kennan's report, see PPS/28, March 25, p. 691.

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694.0031/6-2248

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

CONFIDENTIAL

No. 379

Tokyo, June 22, 1948.

[Received July 2.]

SIR: I have the honor to enclose copies of a personal and confidential letter of June 16, 1948 to Mr. F. E. Pickelle,<sup>1</sup> Chief of the Foreign Trade and Commerce Division of the Economic and Scientific Section of this Headquarters, from Minister E. R. Lingeman, Counselor (Economic) of the United Kingdom Liaison Mission in Japan, indicating a framework of general principles within which it is suggested that the proposed sterling area trade negotiations with General Headquarters of the Supreme Commander for the Allied Powers be conducted, together with a tentative balance sheet showing the scale of trade which might be involved. Furthermore, the hope is expressed by Mr. Lingeman that, the discussions regarding such an arrangement with the Economic and Scientific Section of this Headquarters, be opened prior to, but not later than, July 6th of this year.

According to the enclosed letter, participants in such an arrangement will definitely include the United Kingdom and Colonies (with the present exception of Hong Kong), Australia, New Zealand and Ceylon. Although invited to participate, neither South Africa, India nor Pakistan have indicated their intention to do so as yet. The Supreme Commander's and the sterling area countries' mutuality of interest in a balance of trade at the highest possible level, to be accomplished by the conclusion of a trade arrangement on the widest possible sterling area basis, is emphasized. The United Kingdom Liaison Mis-

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<sup>1</sup> Not printed.

sion envisages an arrangement whereby Japan would purchase as much as possible of its raw materials from the sterling area countries in return for textiles, raw silk, and other Japanese goods. According to the provisional balance sheet enclosed, proposed sales to Japan by sterling area countries are shown at \$83,065,000 and proposed purchases from Japan, at \$82,588,000. The figures include contemplated purchases and sales by the United Kingdom and Colonies, Australia and New Zealand, as well as estimated South African wool exports, contingent of course upon that Dominion's participation. Figures for Ceylon are unavailable pending the arrival in Tokyo of a special representative from that Dominion.

The enclosed letter suggests that such an understanding might be predicated upon an exchange of identical letters between this Headquarters and each sterling area country concerned, in which would be included an indication of the volume of sales and purchases expected to result therefrom, and a statement of intention to take necessary governmental action to that end. An approximate balance would be agreed upon and each party concerned would endeavor to authorize or facilitate trade up to that level. Since a statement of intention only is contemplated and not a definite governmental undertaking, the further suggestion is made that the understanding be referred to as an "arrangement" rather than as an "agreement".

Mr. Lingeman proposes that such an arrangement be made effective for one year initially, that it include trade conducted through private as well as government channels, and that it be on a sterling basis in accordance with the Overall Payments Agreement enclosed to this Mission's despatch No. 334 of June 8, 1948 entitled "Currency Arrangement Between Japan and the Sterling Area".<sup>2</sup> Although the latter agreement provided that all trade between Japan and the specified sterling area countries should be conducted on a sterling basis with the exception of exports of cotton textiles manufactured in Japan from raw cotton procured in the United States, Mr. Lingeman indicates that one of the objects of the proposed trade arrangement is to permit the unqualified sale of textiles by Japan to sterling area participants.

The proposed arrangement envisages a balance of trade between Occupied Japan and the sterling area participants as a group. In the event that either party should fail to comply substantially with the terms of the understanding, it is suggested that consultations be held by them. In this connection, it is contemplated that mutually satisfactory arrangements for the exchange of information can be consummated. With respect to trade on government account, the thought is expressed that this could best be done through the establishment of a

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<sup>2</sup> Not printed.

consolidated account in Tokyo for all sterling area participants, whereas, weekly reports from the British banks in Tokyo (Hong Kong and Shanghai Banking Corporation and the Chartered Bank of India, Australia and China) would afford information regarding trade on private account.

This Mission considers that the conclusion of an early mutually advantageous trade arrangement between Japan and the sterling area, upon as wide a sterling basis as possible, will give impetus to the economic rehabilitation of Japan and will afford progress toward the reestablishment of normal trade relationships, an important part of Japan's pre-war trade having been conducted on a sterling basis. Available sterling markets for Japanese goods, which in turn can supply raw materials needed in the Japanese economy, must be utilized to the fullest possible extent. Dollar purchases without equivalent dollar sales, as in the case of U.S. raw cotton, should be kept to an absolute minimum if Japan is to achieve an international balance of trade and payments.

Respectfully yours,

W. J. SEBALD

694.0031/6-2548

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

No. 385

TOKYO, June 25, 1948.

[Received July 6.]

SIR: I have the honor to enclose<sup>1</sup> copies of a Memorandum of June 18, 1948 regarding official relations and contacts with foreign Missions in Japan prepared by the Economic and Scientific Section of this Headquarters, copies of this Headquarters' Staff Memorandum No. 20 of May 28, 1948 on the same subject, and copies of this Headquarters' Memorandum for the Japanese Government, SCAPIN 1901, of May 28, 1948 authorizing direct communication between the Japanese Board of Trade (Boeki Cho) and persons, firms and foreign Missions in Japan on trade matters.

As is indicated in the memoranda referred to above, the Japanese Board of Trade (Boeki Cho) may now communicate with persons and firms (but not governments) outside of Japan and with persons, firms, and foreign Missions in Japan on commercial matters in connection with international trade. Conversely, persons and firms outside of Japan may now communicate with the Board of Trade, as may the foreign Missions in Japan. Furthermore, foreign Missions may now deal with private Japanese suppliers subject to pertinent trade agreements entered into between their respective countries and General

<sup>1</sup> Enclosures not printed.



Headquarters. In all of the instances indicated above, contractual agreements entered into thereby are subject to review and validation by the Foreign Trade and Commerce Division of the Economic and Scientific Section of this Headquarters.

The decision of this Headquarters to permit foreign Missions in Japan to deal directly with the Board of Trade rather than through the time-consuming channels formerly prescribed not only relieves this Headquarters, as well as this Mission as the Diplomatic Section, of an administrative burden, but also marks progress toward the resumption of normal trading conditions by permitting the more expeditious handling of foreign trade operations. With respect to permitting the Board of Trade to communicate with persons and firms outside of Japan, and conversely, persons and firms outside of Japan to correspond with the Board, the above memoranda merely extend official sanction to what had already been an established practice.

Respectfully yours,

W. J. SEBALD

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740.00119 PW/7-848

*Memorandum by the Assistant Secretary of State for Occupied Areas (Saltzman) to the United States Representative on the Far Eastern Commission (McCoy)*

RESTRICTED

WASHINGTON, July 8, 1948.

With reference to questions raised by various members at the meeting of the Far Eastern Commission on July 1, 1948 with respect to the source and substance of articles appearing in Japanese newspapers and dealing with the deliberations of the Far Eastern Commission on the subject of a program of replacement of lost cultural objects, the United States Member is authorized to transmit the substance of the attached statement to the other members of the Far Eastern Commission.

CHARLES E. SALTZMAN

[Annex]

STATEMENT OF THE UNITED STATES MEMBER

My Government has called to the attention of General MacArthur the appearance in Japanese newspapers of articles dealing with deliberations in the Far Eastern Commission on the subject of a program of replacement of lost cultural objects. General MacArthur was also informed of the questions raised at last week's meeting by various members regarding the source and substance of these articles. In reply,

the following message has been received from the Supreme Commander:

"Following is text of articles in reference appearing in Japanese newspapers, all under a Washington dateline:

'Washington, June 14. Far Eastern Commission sources predicted that the Commission would not adopt policy of requiring Japan to replace cultural objects destroyed or lost in Allied countries as result of Japanese aggression.

'These sources said indications now were that the Commission would simply fail to act on China's proposal to this effect, thus allowing Supreme Commander General MacArthur to continue with his general policy of requiring restitution of looted objects when identifiable but not requiring replacement of articles claimed to have been looted or destroyed. Discussion on the subject is still in the FEC reparations Committee, where there is a sharp division of opinion.

'The United States and the United Kingdom believe that adoption of the Chinese policy would lay the allies open to charges of looting and now opposing it.'

It is to be noted that these articles attribute their source to Far Eastern Commission agencies and apparently are in no way connected with the Crane article.<sup>1</sup> It is not believed advisable for SCAP to make any statement with reference the matter."

It is the view of my Government that it would be improper for SCAP, the United States Government or the Far Eastern Commission to take special cognizance of the appearance of any of these articles in the press.

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<sup>1</sup> Burton Crane, Tokyo, June 5, in *The New York Times*, June 6.

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740.00119 PW/7-2848 : Telegram

*General of the Army Douglas MacArthur to the  
Department of the Army*<sup>1</sup>

TOP SECRET      PRIORITY

Tokyo, July 25, 1948.

C 62519. Reurad W [WAR] 84232, 20th [18th] June 48.<sup>2</sup> Subject is comments on proposals for settlement of Japanese reparations problem. This radio is in 4 parts. Part A contains statement of general views on reparations policies. Part B contains statement on levels as

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<sup>1</sup> Copy transmitted to the Department by the Secretary of the Army (Royall) in his letter of July 28. Mr. Royall suggested that he should meet again with the Secretary of State "to see whether or not we can come to agreement on this reparations question particularly as I understand that our two Departments, at least on the NSC consultant level, have now agreed on all other phases of the proposed Japanese policy now before the National Security Council."

<sup>2</sup> See footnote 2, to memorandum of June 18, p. 978.

viewed by SCAP as necessary to approach level of industry to reach objectives of recovery program. Part C contains discussion of allocation procedures. Part D contains discussions on safeguards as given in urad.

*Part A.*

1. The position of the National Security Council to effect a solution which will dispose of the problem finally and in the minimum time possible is consonant with my viewpoint frequently expressed in radios to Washington. There is no fine line that can be drawn which will equitably and justifiably leave the specific plants which will afford the maximum contribution to the recovery program and which at the same time will satisfy all claimant nations. However, as I have stated previously, time is of the essence and a definite policy definition of the final reparations program will prove more beneficial in promoting early economic recovery than continuing efforts to arrive at a perfect solution.

2. In my radio C 50832 of 13th March 47 on the subject I recommended that in the interest of early and healthful settlement of the program that the interim level of items for reparation be made the basis for setting the final level. This interim program is the only one on which there has been FEC general agreement and its use as a foundation for a final program, subject to revision as circumstances require, was considered to be sound. The removal of the uncertainty attendant on the failure to arrive at a final settlement of the reparations question would have at that time outweighed the advantages gained by having more time to refine further the estimates of capacity needed in certain industries for the maintenance of a peacetime level. Inasmuch as a final settlement was not achieved then, more time has been made available and a multiplicity of further surveys have been conducted. The various specialist groups which visited Japan have made their reports and I have commented on them.

*Part B.*

1. After careful consideration of the factors noted below and others brought forward by staff analysis and the recommendations of the various survey groups, it is concluded that the capacity to be retained in Japan would approach more realistically the recommendations of the Secretary of the Army's committee to inquire into economic problems of Japan and Korea as stated in part 1 of urad. Using part 1 recommendations as a basis, a list of actual plants and facilities could be prepared which would represent the total of reparations removals. Claims could be accepted up to this total in accordance with percentages determined equitable. This would furnish a positive and perma-



ment settlement of the reparations removal problem and economic disarmament factors could be handled separately after the economy has been reasonably revived.

2. The level of industry needed to support a peacetime Japanese industry must be distinguished from the capacity needed to be retained in order to support that level of industry. I consider the level of industry concept to refer to the amount of materials actually produced and flowing into the Japanese economy in a given year. The capacity needed to support the level of industry would be a much higher figure. How much higher it should be is in part a technical question in each industry and, in part, a matter of opinion. For example, indications now are that Japanese export trade of the future will have a substantially different pattern than prewar. With the rapid expansion of the cotton textile industry in other countries in the Far East and with the desire of these countries to industrialize as rapidly as possible, it is indicated that future Japanese exports will consist much more of machinery, other capital goods and chemicals, and much less proportionately of textile products than prewar. This changed pattern of export trade will require a larger steel and machinery capacity to support export industries with no change involved in the internal domestic standard of living.

3. Another factor in the difference between the level of industry estimates and the capacity estimates is the greater dispersion of production required. Japanese plants were generally built without giving full consideration to ready access of raw material supplies, fuel, electric power (usually seasonal in nature), and transportation. Maintenance, power failures, and national and local calamities to which Japan is subject must be taken into consideration. Typical examples of this are the typhoon and floods in 1947 and the earthquakes in 1946 and 1948.

4. A factor to be considered in arriving at a decision concerning reparation removals, in addition to the level of industry desired, is the drain on the Japanese economy caused by the physical removal of the facilities. Dismantling, packing and shipping to port of a substantial volume of material and equipment would cost considerable in terms not only of yen but, more important, of lubricating and preserving materials, which must be imported, and lumber and other packaging material. The Japanese budget has been balanced only after long effort and only by adopting regressive taxation measures to a much greater degree than is considered normally desirable. A large reparations removal program would cost very substantial sums in yen and would contribute to inflation in numerous ways. The rail transportation system of Japan is now strained with a priority system already in operation. The movement to port of a large reparations removal program

would be superimposed on an already overburdened transportation system.

5. The first proposed program is the only one suggested capable of execution in a reasonable time. The apprehensions regarding its international repercussions discussed in part 2 *urad* have been noted, but any decision made by the US on this subject will inevitably be argued at the peace conference. Interested governments will probably argue reparations as long as there is any basis for argument. Since US proposals in the FEC were based on the earlier inaccurate estimates of Japanese conditions and without regard to US financial commitments as known today, it can hardly be assumed that a decision for the first proposed program is done in bad faith. It is not understood why there should be any serious difficulty in convincing those European Governments with Asiatic possessions which are receiving billions of American dollars for recovery purposes. Small quota countries, such as Australia, Canada, New Zealand and India, have displayed little interest in receiving important industrial reparations. On the whole, their attitude should be reasonable. It can be expected that for reasons not related to reparations the Soviet Government will disagree with any US decision. It can also be expected that China will oppose any reduction of the program in any form and will use whatever means it can to insist on a large reparations program. The instability of the Chinese Government and of all Chinese affairs is obvious. It is not believed that the Chinese Government can make good use of any large amount of equipment in the near future. By the time equipment might be sent to China, there may be a government there hostile to the US. The Philippine reparations delegations [*sic*] is second priority, with a definite tendency to seek the purchase of new equipment in the US rather than take second hand equipment from Japan. It is not considered probable that under the first plan FEC members would refuse to accept reparations thus allowing some other country to get the best equipment without opposition.

#### *Part C.*

1. The time allowed for execution of the first proposed program should be 18 months rather than one year. Some time will be required for preparation of inventories of any plants which were not on the original custody lists and which may be made available. Time must be allowed for reasonable inspection of plants by delegations and for allocations. To allow flexibility, SCAP, not the directive, should fix the final date for submission of claims.

2. The second proposed program, offering large reparations while allowing insufficient time for the execution of the program, seems impracticable. Instead of abiding by allocation procedures, under study

in the FEC and which apply in advance transfer directive, which allow 6 months for inspection and claim and 2 years for actual removal after allocation, the proposed allocation procedures allow a total of 2 years from date of directive for distribution of inventories, full opportunity for inspection of plants, submission of claim (which invariably involves reference to the home government), allocations, disputes over allocations, dismantling of facilities and shipment. With the large program envisaged by the second plan, plants in certain industries, such as nitric acid, would have to be inventoried completely because they were not taken into custody pending basic decisions on reparations. Inventories based on original custody lists will have to be duplicated. In order to follow the recommendations of the OCI as to specific plants to be made available in war supporting industries, new inventories would have to be made of many plants since OCI selections vary in many cases from those in the original custody lists. Experience in the advance transfer program indicates that claims will not be made on the basis of inventories and evaluations alone, but will follow careful inspections and reference of recommendations to the home government for decision. To prevent claimants arbitrarily from doing this will give them a justifiable argument against the program. Since no facility can be allocated prior to certainty that only one country desires it, most of the allocations must be made after all claims are submitted. It is not considered feasible to complete allocations simultaneously with the final date for submission of claims, as indicated by pars 6 and 8 of part 4, appendix, urad.

3. The requirement that claimant must submit adequate evidence of capability of useful employment of claimed facilities (par 7, part 4) is not a safeguard, as stated. SCAP has no way of investigating or verifying such evidence. It must be accepted at its face value. There is no limit to the amount and kind of evidence that can be submitted under such conditions:

4. Experience here demonstrates that shipping schedules submitted by claimants prior to allocation (par 7, part 4) will be pure fiction. SCAP has no way of verifying them, even though morally certain that they will not be followed. SCAP would have to accept these at face value for allocation purposes or assume the responsibility of denying the official statement of a sovereign government.

5. It is not understood how there can be eight quarterly periods of industrial shipments (par 7, part 4) since nothing can be removed until allocated, dismantled, packed and shipped to the port. The first 2 and  $\frac{1}{2}$  quarters are shown in the plan as being available for distribution of inventories, inspections, claims and allocations. Time must be allowed for dismantling, packaging and movement to port. Dismantling cannot start prior to inspection and claim at the earliest.



6. On the supposition that deliveries may be extended by later international agreement beyond the prescribed 2 years from date of directive, and to be consistent with previous claims for large reparations, it can be expected that some countries, particularly China, will claim everything to which entitled under their quota. To carry out its portion of the program in good faith and assuming good faith on the part of others, SCAP would have to begin dismantling every plant as soon as located. With such a large program as that in the second plan, the end of the 2 year period would find a great amount of dismantled equipment, packaged—some located at the port, some at its original site. This dismantling and packaging will have cost millions of yen, and used materials, transportation and labor. The dismantling process will result in the destruction or damage of much equipment and installations not removable as reparations. A situation of this kind would be highly discreditable and would furthermore give the claimant nations a perfect argument for extending the period of the program.

7. The criteria contained in pars 8B and C, part 4, are useless, time consuming and sources of argument since SCAP has no way of verifying any of them and must officially accept them at face value. They would merely complicate allocations.

8. Review of valuations (12C, part 4) will be time consuming but no time is allowed for it under the program.

9. Industrial facilities made available for reparations but not claimed or allocated (par 15, part 4) should be turned back to the Japanese Government in order to avoid continued expense for an indefinite period for custody and maintenance. The chance that such equipment would ever be removed for reparations is practically nil. Yet the maintenance of it as required by the plan is exceedingly expensive. It could be put to good use in some fashion in Japan or abandoned.

10. Industrial reparations should be limited to machinery and equipment and should exclude buildings and accessory equipment. Some claimants seek buildings, but as these are needed in Japan, their removal would affect industrial recovery.

11. Repeal of interim directive indicated in par 1, part 1, and par A (1), part 2 urad, should not apply to allocations already processed under the interim directive.

#### *Part D.*

Comment on safeguards as given in urad.

1. Safeguards as given in part 2A (2) are in fact inadequate to insure Japan being able to retain sufficient capacity for a minimum economy. Comments have already been made on the proposed safeguards of time for completion of removals, percentage shares of

levels, and the requirements for the claimant nation to justify effective use. Comments on interpretation of par 10 FEC 084/21 are given below :

A. This provision authorized only temporary retention, and in the majority of cases, the facilities are actually necessary for the self support of the Japanese economy and would therefore be required after the end of the occupation.

B. Interpretation will probably be made by the claimants that "needs of the occupation" means "direct occupation use". In many cases the use is actually for the Japanese economy and cannot therefore be justified as being only for occupation use.

C. The requirement that SCAP must justify to the Allied Council for Japan all facilities retained under this directive should be definitely superseded by a statement substantially as in 2B of urad that "SCAP possesses an overriding authority to retain particular plants in Japan whether or not they are on reparations removals lists, if he considers their retention essential for purposes of occupation."

D. The requirement that SCAP give the estimated date of removal or destruction would be extremely difficult to accomplish. Some facilities would be needed for a short time only; others would be needed for the duration of the occupation; while still others now converted into peaceful and essential industries would probably be required for retention in the domestic economy.

E. Because of the great number of facilities presently considered necessary for retention, individual justification to the claimants would be practically impossible.

[MACARTHUR]

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740.00119 PW/5-2148

*The Secretary of State to the French Ambassador (Bonnet)*

The Secretary of State presents his compliments to His Excellency the Ambassador of France and has the honor to refer to his note of May 21, 1948, and communicates the following information.

The United States Government named China, the Netherlands, the Philippines and the United Kingdom as beneficiaries of the so-called Advance Transfer Program, which the United States Government initiated in April 1947, because these four countries had been at war with Japan at least for as long as the period from December 7, 1941 to September 2, 1945, because their territories were occupied by Japanese armed forces and because, within their powers, these countries fought continuously against the Japanese during periods of occupation. The United States Government regarded these qualifications as justifying the giving of special consideration to the reparations claims of these four countries, and hoped that issuance of an interim directive on this urgent matter would stimulate the Far Eastern Commission to agree upon a comprehensive and final reparations program in Japan.

Since the reparations percentage shares assigned to the four designated countries were clearly beyond challenge by any other Far Eastern Commission members and the assigned shares applied to no more than a total of 30 percent of the industrial facilities declared available for removal in the Far Eastern Commission policy decisions embodied in the Interim Removals Program, it was believed that the interests of all reparations claimants were in the meanwhile safeguarded. The interests of other reparations claimants were also protected by the requirement that the four designated countries could lodge claims for particular facilities only if they could provide evidence that such facilities were capable of immediate useful employment.

The United States Government is aware of the dissatisfaction of the Far Eastern countries including, as a matter of fact, China, the Netherlands, the Philippines and the United Kingdom, which results from the fact that the Far Eastern Commission has not reached those decisions on reparations shares and on availability of Japanese assets for removal as reparations which could be the basis for a comprehensive, practical and final reparations program. This Government hopes that at an early time the problem of Japanese reparations may be discussed with the French Government and other governments concerned as a integral program, action upon which will contribute both to the attainment of occupation objectives in Japan and to the satisfaction of the just desires of the Far Eastern countries which were at war with Japan.

This Government does not consider it appropriate at this time to approach reparations problems on anything less than the comprehensive basis outlined above. It therefore seems unwise that additional governments, even though their territories may also have suffered directly from Japanese aggression and occupation, should be given individually the benefit of an emergency allotment as a result of any further action by the United States Government alone.

WASHINGTON, July 26, 1948.

894.542/7-1348

*The Assistant Secretary of State for Occupied Areas (Saltzman) to the United States Representative on the Far Eastern Commission (McCoy)*

SECRET

WASHINGTON, July 26, 1948.

This will advise you that SANACC 369/1 dated 22 March 1948, "Treatment of Japanese Domestic and Foreign Patents" (copy enclosed), represents the United States Government position with respect



to this subject. It has further been agreed that C1-284/3, "Policy Towards Patents and Utility Models in Japan", 14 April 1948, and C1-311, "Recommendations Regarding Japanese-Owned Patents, Utility Models and Designs in Territories of Members of the United Nations", 18 June 1948, are based on and consistent with the above mentioned SANACC paper.<sup>1</sup>

You are, therefore, authorized to agree in the Far Eastern Commission to C1-284/3 and C1-311 and to press for the adoption of the position presented in these papers for the Far Eastern Commission. In advising the Far Eastern Commission of the United States agreement you should express the hope that the countries concerned will not administer this policy in a manner which will impede the flow of goods in international trade nor prevent the importation of articles manufactured in Japan under the patents subject to this policy.<sup>2</sup>

CHARLES E. SALTZMAN

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<sup>1</sup> None printed.

<sup>2</sup> On the same day the Secretary of the Army was informed of the Department's concurrence that the substance of the mentioned proposals be transmitted to SCAP "as an agreed United States position."

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740.00119 PW/7-2848

*Memorandum of Conversation, by Mr. Robert A. Fearey of the  
Division of Northeast Asian Affairs*

CONFIDENTIAL

[WASHINGTON,] July 28, 1948.

Participants: Mr. H. A. Graves, Counselor, British Embassy  
Mr. W. W. Butterworth, Director, FE  
Mr. J. M. Allison, Chief, NA  
Mr. R. A. Fearey, NA

Mr. Graves called on Mr. Butterworth at 2:15 P. M. to leave the attached *aide-mémoire*,<sup>1</sup> in which the British Government states that it is prepared to accept the schedule of reparations shares of Japanese industrial assets presented to the FEC by the US in November, 1947, provided that certain changes informally proposed by Mr. Edwin Martin in London last March,<sup>2</sup> and specifically stated in the *aide-mémoire*, are made in the schedule. Mr. Graves explained that Ambassador Franks had planned to discuss this and certain other matters directly with Mr. Lovett, but for various reasons had asked him, Mr. Graves, to see Mr. Butterworth on this question instead.

By way of background, Mr. Graves recalled that Mr. Martin had stated informally last March that the US Government might be willing

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<sup>1</sup> 41/81/48, July 28, not printed.

<sup>2</sup> See memorandum of March 1, p. 950.

to relinquish 5 percent of its total share of 28 percent for division among Great Britain, France, the Netherlands and India as an inducement to these countries to approve the US schedule of shares. Under the plan the US, in accordance with the earlier offer, would divide 18 percent of the 23 percent left it among the ten other reparations recipients, leaving it a final share of 5 percent. Mr. Graves stated that the Treasury had with some difficulty been persuaded to accept this proposal, on the condition that the final UK share should total not less than 16 percent, made up of at least 12 percent of the initial schedule plus the UK's *pro rata* share, estimated to be 4 percent of the total, of the 23 percent which the United States (18%) and Australia (5%) had offered for redistribution.

Mr. Butterworth stated that the British note was very helpful, and inquired whether Australia had been approached to determine whether its offer to redistribute 5 percent of its share remained in effect under the new apportionment. Mr. Graves stated that he did not believe that Australia had been specifically approached in the matter but that he was quite certain that its offer would remain.

Mr. Butterworth then inquired whether it had been decided how the UK's share would be divided among the UK, Burma, Malaya and Hongkong. When Mr. Graves replied that it had not, although it was expected that the UK would take very little for itself, Mr. Butterworth raised the question of whether Burma with its newly established independence might not later voice dissatisfaction with the share allotted it and assert a claim of its own, particularly if it should have been admitted to the FEC. Mr. Graves stated that the UK remained responsible for Burma in such matters, and that he was confident that Burma would be satisfied with the share given it. He agreed that Burma would probably gain the right to speak for itself on the subject if admitted to the FEC, but considered that there was little chance of Burma's being taken into the FEC.

Mr. Butterworth then inquired how Pakistan's share was being allotted. Mr. Graves replied that Pakistan's share was India's, not the UK's, responsibility, and that India had stated that it would take care of Pakistan out of its share. It was suggested, however, that if Pakistan were to be admitted to membership in the FEC, which Mr. Graves thought most unlikely, it might well assert the right to claim its own reparations share. Mr. Butterworth concluded by stating that the question of Burma's and Pakistan's status as reparations claimants, particularly if they should be admitted to the FEC, clearly required clarification, and that he intended to request the Legal Adviser's opinion in the matter.

740.00119 PW/7-2948

*Statement by the United States Representative on the Far Eastern Commission (McCoy) on FEC-011/51 at 117th FEC Meeting, 29 July 1948*<sup>1</sup>

SCAP has advised the United States Government that upon examination of stocks of gold and silver now in Japan and pertinent records, he has made a determination that certain gold and silver is of clearly established Japanese ownership. He has placed this gold and silver in accordance with the terms of FEC-032/26, para. 16c<sup>2</sup> in a fund created as a means of acquiring foreign exchange to aid in financing Japanese production programs. The United States Government has reviewed and considers proper SCAP's finding and action in this matter. It is therefore the viewpoint of the United States Government that the provisions of FEC-011/51, which deal with restitution of looted property found in Japan, will not affect in any way this gold and silver which SCAP has determined to be Japanese owned, or any gold and silver which SCAP may in the future in accordance with the terms of FEC-011/51 find to be Japanese owned, or the use of such gold and silver in connection with credits under the terms of FEC-032/26, para. 16c.<sup>3</sup>

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<sup>1</sup> Copy transmitted to the Department by the Secretary General of the FEC on July 29. Mr. Johnson stated that the Soviet Representative abstained from voting on FEC-011/51, July 29; for text of latter, see *The Far Eastern Commission*, 2d report, p. 37.

<sup>2</sup> July 24, 1947, *ibid.*, pp. 31, 33.

<sup>3</sup> FEC-011/51 was sent as directive serial 93 to SCAP. (740.00119 PW/8-1348)

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694.0031/8-248 : Airgram

*The Secretary of State to Diplomatic and Consular Officers*

WASHINGTON, August 2, 1948—8:25 a. m.

Subject: Revival of Japanese Foreign Trade.

Reference is Department's Circular Airgram, February 18, 1948. *Regulations Governing Private Trade with Japan.*

US Govt policy is to foster and encourage the revival of Japan's foreign trade in order (a) that such revival shall contribute to world economic recovery, particularly in Asia and Southeast Asia; and (b) that such recovery may enable Japan to reach a self-support status and make unnecessary annual Congressional appropriations to sustain Japan. Trade revival can only with difficulty achieve levels necessary for peaceful needs Japanese people as defined by FEC.



In furtherance above policy: (1) Supreme Commander for Allied Powers is facilitating restoration of normal commercial practices as rapidly as conditions and policies permit; (2) US has informed Far Eastern Commission of US intent to assist Japan to regain self-support status as rapidly as possible, and has requested support of FEC countries; (3) US Congress has appropriated funds for FY 1949 usable both to prevent disease and unrest, and to provide economic rehabilitation. It is anticipated considerable portion of these funds will be spent outside US; (4) US Congress established revolving fund of \$150,000,000 to be used to purchase textile fibers in US for use in occupied areas (mainly Japan). Textiles made from fibers so acquired may be sold for any currency acceptable to SCAP but SCAP required ultimately return dollars to fund; (5) SCAP has available \$60,000,000 line of credit, provided by US private banks and Export-Import Bank, for purchase of US cotton; (6) There exists a sterling payments agreement between Japan and the sterling area (United Kingdom and Colonies, with the present exception of Hong Kong, Australia, New Zealand, and Ceylon; South Africa, India, and Pakistan may later participate). Under this agreement trade between SCAP and sterling area (except for cotton textiles produced from cotton procured in US requiring dollar payment) may be conducted in sterling.

Japan needs to import wide range and large quantities raw materials to be fabricated and sold as manufactured items. Dept is mindful of economic and political resentment against Japan in some countries but requests missions abroad facilitate in every way possible revival Japanese foreign trade, within limitations imposed by local circumstances.

MARSHALL

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894.542/8-1948

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

No. 534

TOKYO, August 19, 1948.  
[Received September 2.]

SIR: I have the honor to transmit copies of this Headquarters' memorandum of July 29, 1948 to the Japanese Government<sup>1</sup> entitled "Trademarks, Trade Names, and Company Names and Marks used in Common by Companies in the Same Chain of Capital with Designated Holding Companies and Designated Excessive Concentrations."

The enclosed directive requires the Japanese Government to amend by Cabinet Order Imperial Ordinance No. 567 of 1946, to the end

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<sup>1</sup> Not printed.

that the Holding Company Liquidation Commission may prohibit any company from using a trademark or trade name when it was heretofore been used in common by a holding company designated for dissolution and by its affiliates or subsidiaries, or when it has been used in common by companies designated as excessive economic concentrations scheduled for reorganization and by other members of the same combination of capital. Certain family and company names are specifically listed as being liable to such injunction.

The Japanese Government is further required to enact legislation removing from eligibility for registration and exclusive use under the Trademark Law or the Commercial or Civil Codes any mark the use of which by previous owners has been enjoined by the Holding Company Liquidation Commission. Pending such legislation, the measure is to be enforced by Cabinet Order.

The instruction was prepared, according to officers of the Anti-Trust and Cartels Division of this Headquarters, upon the theory that the exclusive use of the trademarks of well-known combinations by their successor companies would serve to perpetuate the benefits of monopolies which it is the policy of this Headquarters to destroy. It was further decided that the best way to prevent such lingering abuses would not be to ban the marks completely and thus leave them intact at the end of the Occupation, but rather to debase them by allowing free and unrestricted use by any and all companies. Thus the HCLC, it is expected, will ban the use of the trademarks in question by Zaibatsu successors, at the same time destroying the future prestige of such marks by throwing them open to the public.

The Anti-Trust and Cartels Division realizes that the directive as drafted may possibly lead to defrauding the public. The Division feels, however, that the Holding Company Liquidation Commission has been given sufficient power to act should such abuses become widespread.<sup>2</sup>

Respectfully yours,

W. J. SEBALD

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<sup>2</sup> Despatch 598, September 11, from Tokyo, reported that implementation of the directive (Scapin 1923), had been suspended on the basis of a complaint to the Deconcentration Review Board (894.542/9-1148).

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694.0031/8-1948

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

CONFIDENTIAL  
No. 539

Tokyo, August 19, 1948.  
[Received September 1.]

SIR: I have the honor to refer to this Mission's despatches No. 479 of July 30, 1948, No. 500 of August 16, 1948 and No. 525 of August 16,

1948,<sup>1</sup> regarding the negotiation of a trade arrangement between representatives of certain countries of the sterling area and representatives of General Headquarters, Supreme Commander for the Allied Powers, and in that connection to enclose a copy of the final draft of the sterling area trade arrangement, to which is attached the final draft of the trade plan, list of sterling area participants, and agreed-upon definition of entrepot trade.<sup>2</sup> The draft in the form enclosed now will be referred to the Supreme Commander and the respective governments of the sterling area participants for approval.

There have been no substantive changes made in the text of the trade arrangement draft subsequent to those indicated in this Mission's despatch No. 500 referred to above. Nor has there been any change made in the definition of entrepot trade indicated in despatch No. 500. Furthermore, the Dominion of India is still listed as an observer and not as a participant to the trade arrangement.<sup>3</sup>

The final draft of the trade plan envisages sales of goods by the sterling area participants to Japan in the minimum value of \$121,589,840 (U.S.\$ value CIF Japan), including such items as raw cotton, raw wool, jute, wool waste and rags, hides and skins, cereals, iron and other ores, gums and resins, crude rubber, coal, salt, oilseeds, and coconut oil. In turn, sterling area participants will purchase goods from Japan in the minimum value of \$121,589,840 (U.S.\$ value FOB Japan), including such items as cotton textiles, silk, rayon, and wool manufactures, raw silk, industrial machinery and parts, rolling stock, paper and paper products, and various chemicals.

There is also enclosed a copy of this Headquarters' press release regarding this matter which appeared in the August 17, 1948 edition of the *Nippon Times*.

Additional copies of the final draft of the trade arrangement will be forwarded as soon as obtained.

Respectfully yours,

W. J. SEBALD

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<sup>1</sup> None printed.

<sup>2</sup> Enclosures not printed.

<sup>3</sup> Despatch 666, October 11, from Tokyo, reported that India was listed as a participant rather than an observer.

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740.00119 PW/7-2848

*The Secretary of State to the Secretary of the Army (Royall)*

TOP SECRET

WASHINGTON, August 26, 1948.

DEAR ROYALL: I have received your letter of July 28<sup>1</sup> enclosing General MacArthur's reply<sup>2</sup> to our telegram requesting his comments

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<sup>1</sup> See footnote 1, p. 983.

<sup>2</sup> Telegram C 62519, July 25, p. 983.



on the State and Army Departments' proposals for settlement of the Japanese reparations problem.

After reviewing all aspects of this problem in the light of General MacArthur's cable, I am prepared to accept the Department of the Army's proposal, possibly amended as suggested by General MacArthur, if the proposal is revised to incorporate the amendments set forth below and subject to the understanding that the detailed program will be worked out jointly by the State and Army Departments. I believe that these amendments will render the plan more susceptible of practical implementation without reducing its effectiveness.

1. It is noted that the Army plan provides that in submitting its reparations proposals to the FEC the U.S. should state that it "will not agree to any policy on Japanese reparations incompatible with this program". It is not clear whether this means that the other countries are to understand that they must take our plan entirely without change, or whether a certain amount of negotiating latitude is to be permitted. It would seem essential in our discussions with other governments and in the FEC that some negotiating latitude be permitted, and that we not antagonize the other countries by flatly stating that they must accept our proposal exactly as it is or not at all.

2. You will recall that the Department of the Army's proposal as forwarded to SCAP provided that reparations removals should not be "in excess of quantities which Overseas Consultants, Inc., or the Johnston Committee, recommend to be available". In his reply SCAP states that the capacity retained in Japan "would approach more realistically" the recommendations of the Johnston Committee. It would appear that the basis of determination of the precise retention levels in each industry from which reparations are to be taken requires clarification. The Department of State, moreover, has, as you know, consistently maintained on the basis of its own economic studies that the individual capacities stated by OCI and the Johnston Committee to be required for Japan's future peaceful needs are in certain cases far too high. In view of the apparent need for clarification of this aspect of the Army proposal, the belief in this Department that certain of the OCI and Johnston retention levels are unnecessarily high and should be adjusted, and the fact that SCAP goes no further than to maintain that the capacity to be retained in Japan "would approach more realistically" the recommendations of the Johnston Committee, I suggest that State and Army Department experts meet at once to prepare recommendations as to whether in each particular industry the capacity level above which facilities should be made available for reparations should be the OCI level, the Johnston Committee level or some new level where it can be demonstrated to mutual satisfaction

that the OCI and Johnston Committee levels are unnecessarily high and untenable from an economic and negotiating point of view.

3. It seems to me essential in the light of our overall foreign interests that we endeavor to minimize the expected strong opposition of the claimant nations to our proposal by any available means which do not impair the essentials of our program. It is to be expected that during the diplomatic discussions with friendly FEC governments the governments consulted will take particular exception to certain retention levels in the U.S. proposal (for example the British with respect to shipbuilding) which would deny them facilities which they greatly desire from Japan and which have a domestic political complexion, and that their opposition to our overall proposal could be considerably reduced if we would agree to make downward adjustments in those particular levels. This government must be prepared to take into account, and to meet if at all possible, requests of this type before announcement of the final program. Failure to meet reasonable counter-proposals would in fact create augmented opposition.

4. In the diplomatic discussions with friendly FEC governments, it would seem advisable that our representatives state that it is this Government's intention to submit its proposals to the FEC for consideration as soon as possible after the FEC reconvenes from its summer recess. Our representatives should further state that if after a reasonable period of consideration the FEC should be unable to adopt the essential elements of our proposals this Government intends to issue an interim directive to SCAP embodying the proposals.

5. The possibility must be envisaged that the substance of the U.S. proposals will meet with extremely strong opposition from friendly FEC countries. In such circumstances it might be clearly unwise to proceed on the basis of the present proposals, and I assume that this Government would review its proposals in the light of developments before submitting them to the FEC or before issuance of an interim directive. It should be made clear in the discussions with FEC governments, however, that this Government will withdraw its proposal for solution of the shares stalemate, including the offer to divide 18 of our 23 percent share among the other claimants, and intends no further proposals on this or any other aspect of the reparations problem, if the essentials of our present proposal are not accepted.

6. I suggest that the U.S. proposals, and accordingly the directive to SCAP, have as their basis the attached revised U.S. plan for the apportionment of reparations shares.<sup>3</sup> The reparations facilities to

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<sup>3</sup> Enclosure, p. 1001.

which these shares should pertain would be those in excess of the industrial retention levels specified in the directive.

7. In order to avoid the embarrassment which this Government would now be caused by the acceptance by additional claimant countries of our reparations shares proposal submitted to the FEC in November 1947, I further propose that in the diplomatic discussions with friendly FEC governments the U.S. representatives state that that proposal is superseded by the present overall proposal. We should formally withdraw our earlier shares proposal at the time we submit our new proposals to the FEC.

8. It is noted that the Department of the Army's plan provides that the claimant nations should be required to give a quit-claim against further reparations when their allotments have been delivered, or, presumably, when the time limit has expired. Such a requirement would seem most undesirable, however, because it would place our proposal in immediate and obvious conflict with the FEC Interim Removals decisions of early 1946,<sup>4</sup> which prescribe much lower retention levels than the present proposed program, and with certain provisions of the decision on Reduction of Japanese Industrial War Potential of August 1947,<sup>5</sup> which provides that all primary war facilities not destroyed must be made available for reparations—a requirement which would be met by the Overseas Consultants, Inc. recommendations but not by those of the Johnston Committee. While it would be clear in any circumstances that our proposal runs counter to the intent of these earlier decisions, it will be possible, if we specifically refrain from providing in the interim directive that the reparations thereby made available are the last reparations which are ever to be removed from Japan, and if we do not require the claimants to give a quit-claim to further reparations, to argue that we have not contravened the FEC decisions in a technical, legal sense, since the freedom of action of the FEC to bring about further reparations removals will theoretically be preserved. It is believed that the finality of the proposed reparations program can be effectively assured without the disadvantages attaching to a quit-claim requirement if in the discussions with friendly governments, and in submitting its proposals to the FEC, the U.S. Government announces that it will be its position during the remainder of the occupation and at the peace conference that no further industrial reparations should be exacted from Japan. The same announcement should be made publicly at the time the directive embodying our proposals is issued to SCAP.

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<sup>4</sup> See *Activities of the Far Eastern Commission*, report, pp. 68 ff.

<sup>5</sup> *The Far Eastern Commission*, 2d report, p. 25.



I am sure that you will agree on the importance of our pressing forward on this matter with the utmost speed. I therefore propose that we proceed according to the following time schedule :

1. The State and Army experts be required to submit their recommendations on the precise retention levels, and the two Departments reach agreement on all other aspects of the program, within a maximum of one week.

2. The two Departments' agreed recommendation on Japanese reparations be submitted immediately thereafter to the National Security Council for incorporation in NSC 13, "Recommendations with Respect to U.S. Policy Toward Japan", with the request that this paper be approved by the Council as a matter of urgency.

3. This Government's proposals for the settlement of the Japanese reparations issue be presented in confidence to all FEC member governments except the Soviet Union in the context of our other Japan policies set forth in NSC 13, exercising discretion as to the material from NSC 13 which should be revealed to different countries, before termination of the Far Eastern Commission's summer recess on September 9.

4. In the diplomatic discussions with friendly FEC governments our representatives state that it is this Government's intention to submit its proposals to the FEC for consideration as soon as possible after the FEC reconvenes from its summer recess. Our representatives should further state that if after a reasonable period of consideration the FEC should be unable to adopt the essential elements of our proposals this Government intends to issue an interim directive to SCAP embodying the proposals.

5. If there is extremely strong opposition from the majority of FEC countries consulted to the substance of the U.S. proposals, this Government review its proposals before submitting them to the FEC or before issuance of an interim directive. It should be made clear in the discussions with FEC governments, however, that this Government will withdraw its proposals for solution of the shares stalemate, including the offer to divide 18 of our 23 percent share among the other claimants, and intends no further proposals on this or any other aspect of the reparations problem, if the essentials of our present proposal are not accepted.

In view of this Department's willingness to accept the general concept of the Army Department's proposal, subject to the qualifications set forth above, it would seem unnecessary for us to meet again on this matter. Instead I suggest that your representative communicate at the earliest possible time with Mr. Wisner, who, in Mr. Saltzman's absence, will represent me in further discussions on the subject. If, however, you should wish to discuss the matter further with me, I would be glad to meet with you at a mutually convenient time.

Faithfully yours,

G. C. MARSHALL

[Enclosure]

TOP SECRET

REVISED U.S. PLAN FOR APPORTIONMENT OF REPARATIONS SHARES, TO BE  
INCLUDED IN NEW OVERALL U.S. REPARATIONS PROPOSALS

Industrial reparations under this proposal will be made available to those member countries of the Far Eastern Commission which can approve the following schedule of percentage shares. The United States Government for its own part will hold 18 of its 23% share of industrial facilities for redistribution among those Far Eastern countries which approve the schedule and which desire increments to industrial facilities which they are entitled to receive by their share. The United States Government will allow a period not to exceed one month for negotiation among countries wishing to participate in the redistribution of this 18%, in which these countries can seek a mutually acceptable redistribution of that share. If no agreement is reached within this period, the said 18% for redistribution will be divided among interested countries in proportion to their accepted percentage shares of the total reparations.

Australia	8%
Canada	1
China	30
France	2½
India	5
Netherlands	5
New Zealand	1
Philippines	8
USSR	4
United Kingdom	12½
United States	23

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740.00119 PW/8-3148

*The Secretary of the Army (Royall) to the Secretary of State*

TOP SECRET

WASHINGTON, 31 August 1948.

DEAR GENERAL MARSHALL: I am in receipt of your letter of August 26 in which you state you are prepared to accept the Department of the Army's proposal for settlement of the Japanese reparations problem subject to certain revisions which you suggest. The Department of the Army concurs in General MacArthur's suggestions. Insofar as they constitute recommendations for amendments in the Army proposal, they have been incorporated in the revised

draft of the reparations paragraph inclosed herewith. I agree that the detailed program be discussed jointly by our Departments and accordingly accept your suggestion that State and Army representatives meet at once to develop recommendations as to any particular industries for which levels proposed by the Johnston Committee can be demonstrated to mutual satisfaction as unnecessarily high. As you know, the Army position rests squarely on the industrial capacity to be retained and we could not agree to any appreciable reductions. Our proposal also contemplated that SCAP would determine the specific plants to be retained, and gave him as a yardstick a general instruction that the reparations removals should not be "in excess of quantities which Overseas Consultants, Inc., or the Johnston Committee, recommend to be available." The proposal also permits SCAP overriding authority to retain particular plants which are essential for the purposes of the occupation. I would not think it desirable to change these general principles and so prevent the contemplated flexible handling by SCAP.

My suggestion, in answer to your question as to whether any negotiating latitude is to be permitted, is that the present Army proposal be presented to the friendly FEC governments, with the explanation that this is what we intend to place before the FEC, but that we wish to receive their informal comments before making the actual submission to that body. These comments could be taken into account and minor modifications could then be applied to the original Army proposal before presentation to the FEC. The minor modifications to which I refer would be those to which our representatives agree in the discussions you have suggested.

However, I do not see how I could agree as suggested in your paragraph five on page three, if I understand you correctly, to withhold our proposals from the FEC if the preliminary conversations indicate that the essentials of our present proposals are not acceptable.

The effect of what I have suggested above is that a certain amount of negotiating latitude would be retained during the discussions with the friendly FEC governments, but when our proposal was actually made to the FEC itself, and publicly announced, we would not be prepared to vary since the views of other friendly FEC countries will have already been considered. One of the main purposes of the entire proposal would lose its force if the Japanese people and the owners and the workers in the various industries were not informed of the maximum reparations which we were prepared to remove. Economic recovery in Japan depends to a considerable degree on eliminating the present uncertainty with respect to reparations removals and only a finalized American position can accomplish this result in the absence



of final FEC agreement. The course of economic recovery in Bizonal Germany since the definite list of plants to be retained was published about a year ago clearly substantiates this position.

I believe it should be stated both in the preliminary discussions and when the proposal is presented to the FEC that this Government is prepared, if no agreement is reached after a reasonable period of consideration, to issue an interim directive to SCAP embodying the proposals. I believe it essential that this interim directive be issued if FEC agreement is not forthcoming in order to fulfill our Potsdam commitment that there should be reparations from Japan and in order that the reparations matter may be settled. When issued this directive should stipulate the percentage shares listed in the inclosure to your letter with which I concur.

I urge that we formally withdraw our earlier shares proposal and also all previous reparation proposals, and rescind our advance transfer directive, as soon as possible and certainly no later than the date the new proposal is presented to the FEC. I am willing to meet your wishes as expressed in paragraph eight and to eliminate the requirement for a quit-claim by the recipient countries. However, I would suggest that the announcement regarding the finality of our position be made publicly along with the reparation proposal itself at the time the proposal is submitted to the FEC, rather than later when the interim directive is given to SCAP.

If you agree with the above, I suggest that Mr. Saltzman and Mr. Draper arrange for the necessary discussions immediately, although I would suggest that we allow two weeks, if necessary, for the discussions in view of the present Berlin negotiations which are taking much time in both Departments.<sup>1</sup> As soon as the scope of negotiating latitude has been agreed by both Departments, the revised reparations paragraph should be incorporated in the policy recommendations now before the National Security Council and urgent approval should be requested. The discussions you propose with friendly FEC member governments should follow immediately on such approval, and after any appropriate modification has been made in the final proposal as a result of these discussions, the proposal should be presented to the FEC.

While I have every desire to resolve this question at the earliest possible moment, only about a week remains before the FEC meeting on September 9. I do not see how the necessary discussions between the two Departments, approval by the National Security Council, and discussions with the friendly FEC governments could possibly take place within that length of time. However, subject only to the Berlin dis-

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<sup>1</sup> See vol. II, p. 867.

cussions, I am prepared to give this matter highest priority in this Department and will do everything possible to expedite its conclusion.

Sincerely yours,

KENNETH C. ROYALL

[Enclosure]

*Revised Draft on Japanese Reparations*

TOP SECRET

(ARMY POSITION)\*

AUGUST 1948

The United States should rescind the *Japanese reparations* interim directive (*JCS Directive No. 75*) on advance transfers and allocation procedures *except that Directive No. 75 should remain in effect with respect to allocations of assets which have already been processed under that directive.* ~~Thereafter~~ *After that directive has been rescinded,* the United States should announce publicly the following position and should submit this position to the Far Eastern Commission with the information that the United States will not agree to any policy on Japanese reparations incompatible with this *proposed* program. Prior to public announcement and submission to the Far Eastern Commission, this U.S. position should be appropriately brought to the attention of the other member governments of the Far Eastern Commission by the Department of State.

2. *The aforementioned United States position in the Far Eastern Commission* should be that (a) Title to Japanese external assets located in territories of Allied nations at the time of the Japanese surrender should be transferred to the governments of these respective nations, (b) SCAP should be directed to determine, announce and make available for reparations claims, categories and quantities of industrial facilities and equipment which are not needed for the economic recovery of a peaceful Japan and which are not in excess of quantities which Overseas Consultants, Inc., or the Johnston Committee recommended to be made available. ~~Appropriate substitutions may be made as SCAP may determine.~~ *SCAP should use his discretion in determining particular assets to be made available for reparations claims. Industrial facilities and equipment to be determined available for reparations claims should not include buildings or, in general, accessory equipment. SCAP should be given an overriding authority to retain particular plants in Japan whether or not they are on reparations removals lists, if he considers their retention essential for purposes of the occupation.* The United States Government should request SCAP

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\*The underlining represents additions to, and the "strike-thru's" indicate deletions from the position of the Army as sent to SCAP in WAR 84232, dated 18 June 48. [Footnote as in the original, telegram under reference not printed.]

to announce publicly, within 30 days after submission of this position to the Far Eastern Commission, the facilities and equipment which would be made available for reparations claims upon adoption of this policy, (c) SCAP should be directed to receive reparations claims from Far Eastern Commission countries *and should determine the final date for submission of such claims but this date should not be earlier than for a period of ninety days subsequent to adoption by FEC of this position as the final reparations decision*, (d) Allocations of available and claimed reparations should be made by SCAP in accordance with national percentage shares determined by the Far Eastern Commission. *In making such allocations*, consideration should be given by SCAP ~~in such allocations~~ to items already delivered pursuant to the U.S. advance transfers directive (*JCS Directive No. 75*), and (e) Actual allocations and deliveries should be made by SCAP as soon as possible after adoption of *this position as the final FEC reparations decision* in order that recipient nations may have the benefit of facilities and equipment as soon as possible and in order that reparations deliveries may be completed ~~within year of date of adoption of policy by FEC~~ *within eighteen months subsequent to the adoption of this position as the final reparations decision*.

3. If, after frank diplomatic discussions with Far Eastern Commission member nations and after reasonable consideration in the Far Eastern Commission, this position cannot be agreed upon in the Far Eastern Commission, then the United States should consider issuance of a unilateral directive to make the above proposal legally effective.

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740.00119 PW/8-3148

*The Secretary of State to the Secretary of the Army (Royall)*

TOP SECRET

WASHINGTON, September 10, 1948.

DEAR ROYALL: I have received your letter of August 31 replying to mine of August 26 on the Japanese reparations problem. It is evident from your letter that although progress has been made in reconciling subsidiary differences in our respective proposals for the solution of this problem, certain of the major points at issue remain unsettled. We are evidently not yet in agreement on the following six points, which the Department of State feels are essential to an effective, reasonably acceptable reparations proposal:

1. The State and Army Departments should agree, before presentation of our proposals to friendly FEC Governments, upon such adjustments in the levels of industry proposed by the Johnston Committee



as would make our proposals more defensible from an economic and negotiating point of view.

My reasons for considering that these adjustments should be made were stated in my letter of August 26. You state in your reply, however, that the Department of the Army "could not agree to any appreciable reductions" in the Johnston levels. Nevertheless I believe it essential that adjustments be made, and enclose with this letter my specific recommendations for amendment of the Johnston levels<sup>1</sup> before their use as a basis for new U.S. reparations proposals. Since this Department considers the Johnston levels without these amendments to be indefensible from an economic and negotiating point of view, it would in my view be inadvisable for it to present to friendly FEC governments new U.S. reparations proposals based on the Johnston levels if these had not been amended at least to the extent indicated.

2. The U.S. Government must be prepared to take into account, and to meet if at all possible, reasonable counterproposals as to particular industrial retention levels made by individual countries, acceptance of which would considerably reduce their opposition to our overall program.

My reasons for making this proposal were also stated in my earlier letter. Your counterproposal provides that the only modifications which could be made would be those agreed to by the State and Army Departments prior to our presenting our proposals to the various governments. Since modifications in the Johnston levels arrived at prior to the discussions with other governments obviously could not anticipate the points made by individual governments in the discussions, and since the levels to be presented by us in the diplomatic discussions may produce such violent reactions as to jeopardize the prospect of our securing even partial international agreement to our proposals, it would be impossible for the Department of State to accept this counterproposal.

3. The U.S. Government should be prepared to review its entire reparations proposals in the event that such extremely strong opposition to those proposals is encountered as would make it clearly unwise to persist with them in the light of our overall foreign policy interests.

You state in your letter that the Department of the Army cannot agree to this point. I feel that there must be some misunderstanding here, because it would seem to me unthinkable that this Government

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<sup>1</sup> Enclosure 1, p. 1009.

should commit itself, as among its own component parts, to persist in a course of action even though it should become apparent that that course of action was contrary to the national interest.

4. The U.S. Government should remain free to accept further minor amendments to its proposals in the course of FEC negotiations.

This stipulation was implied although not specifically stated in my letter of August 26. You propose in your letter, on the other hand, that once our proposal has actually been submitted to the FEC no changes whatsoever should be accepted. While I of course agree that this Government should give every appearance of submitting a well considered and firm position to the FEC, it seems to me contrary to our own interest to bind ourselves at the outset of the FEC discussions to accept no proposed modifications even though those modifications might render our proposal more acceptable to other FEC countries. It would also seem an anomaly to submit a proposal to an international negotiating body without being willing to accept reasonable amendments to that proposal.

5. No public announcement of the U.S. position on reparations should be made until the program is embodied in an FEC or U.S. directive to General MacArthur.

This was the position taken in my letter of August 26. In your reply, however, you suggest that the U.S. publicly announce its reparations proposal at the time it is submitted to the FEC in order to eliminate present uncertainty in Japan with respect to reparations removals. Public announcement of the U.S. position at the time of submission of our proposal to the FEC, however, would advance this assurance to the Japanese by only one or two months at most. The price we would pay for this advantage, moreover, would be serious complication of our negotiating task. Public announcement of our proposal before the FEC had had opportunity to consider it would arouse additional antagonism to the proposal, and would provoke other FEC nations to make public announcements in response, from which domestic pressures would make it most difficult for them to withdraw.

I note that you propose in your letter that this Government state, not only in the preliminary discussions with friendly governments but also in presenting our proposals to the FEC, that we are prepared, if no agreement is reached after a reasonable period of consideration, to issue an interim directive to SCAP embodying our proposals. It would seem to me that in order to maximize chances of acceptance of our proposals by the largest possible number of FEC member nations,

and considering that the friendly FEC governments will already have been advised of our intention to issue an interim directive in these circumstances, it would be better not to state this intention in submitting our proposals to the FEC.

6. General MacArthur should scrupulously carry out the directive on reparations availabilities which is given him.

This was assumed in my earlier letter to you, but you suggest in your reply that SCAP determine the volume of facilities to be retained having as a yardstick only a general instruction that the reparations removals should not be "in excess of the quantities which the Overseas Consultants, Inc. or the Johnston Committee recommend to be available", and that he have "overriding authority" to retain particular plants which were essential to the purposes of the occupation. As indicated in Point 1, above, the Department of State considers that the directive to General MacArthur should embody specific industrial retention levels. It is our view, also, that General MacArthur should be required to adhere to those levels, and to make available for delivery, and deliver when claimed, facilities in excess of the levels. As to his overriding authority to retain particular facilities, referred to in your letter, SCAP already has authority from the FEC to retain temporarily particular facilities on a showing to the Allied Council that their retention is necessary for the purposes of the occupation. This authority would seem fully adequate in view of the very restricted program of removals to be proposed by this Government.

In view of the wide differences remaining on the above essential points I believe it will be necessary after all for us to meet again to discuss the matter. If acceptable to you I propose that the meeting be at a mutually convenient time on Monday, September 13, and that we plan at that meeting to arrive at a final solution of this problem if at all possible.

I am enclosing for your consideration before the meeting a proposed redraft of the section on reparations<sup>2</sup> for insertion in NSC 13, "Recommendations with Respect to U.S. Policy for Japan", and, as stated above, the statement of changes which this Department considers would have to be made in the Johnston industrial retention levels before they could form a suitable basis for a new U.S. reparations proposal.

Faithfully yours,

G. C. MARSHALL

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<sup>2</sup> Enclosure 2, p. 1009.



[Enclosure 1]

TOP SECRET

## PROPOSED MODIFICATIONS IN JOHNSTON RETENTION LEVELS

The following modifications in the industrial levels set in the Johnston report should be made prior to the undertaking of diplomatic talks with friendly FEC countries:

1. *Primary War Facilities.* All machinery and equipment (including thermal power units) in primary war facilities (army and navy arsenals, privately owned munitions plants and aircraft plants) should be made available for reparations claim. The Johnston report would limit the facilities available for reparations in this category to those in army and navy arsenals.

2. *Shipbuilding.* All machinery and equipment (including thermal power units) in excess of 400,000 gross tons of annual capacity for building steel ships of over 100 gross tons each should be made available for reparations claim. The Johnston committee recommends that Japan be allowed to retain capacity for building about 650,000 gross tons of steel ships annually. Estimated existing capacity is approximately 800,000 gross tons annually.

3. *Iron and Steel.* All machinery and equipment (including thermal power units) in excess of 5.0 million metric tons of annual capacity for the production of steel ingots should be made available for reparations claim. Proportionate levels should apply to blast furnace and steel rolling capacity. The Johnston committee recommends that no iron and steel capacity be made available for reparations. Estimated existing steel ingot capacity is approximately 6.4 million metric tons.

[Enclosure 2]

TOP SECRET

## JAPANESE REPARATIONS

1. The United States should rescind the Japanese reparations interim directive (part A of JCS Directive No. 75) on advance transfers except that part A of Directive No. 75 should remain in effect with respect to allocations of assets which have already been processed under that directive. After prior diplomatic discussion with friendly FEC nations the United States should submit the following proposals on Japanese reparations to the Far Eastern Commission, unless such extremely strong opposition is encountered in the diplomatic discussions as to indicate the need for review or withdrawal of the proposals.

2. The aforementioned United States proposals should be that (a) Japanese external assets located within the jurisdiction of Allied na-

tions at the time of the Japanese surrender should be retained by such nations and their value credited to reparations; (b) SCAP should be directed to determine, announce and make available for reparations claims, categories and quantities of industrial facilities and equipment which are in excess of the levels finally agreed to by the State and Army Departments. Industrial facilities and equipment to be determined available for reparations claims should not include buildings. SCAP may, if necessary, exercise authority granted him by the FEC in FEC 084/21 to retain temporarily particular plants declared available for reparations.<sup>3</sup> The United States Government should request SCAP to announce publicly, within 30 days after his receipt of a directive on this subject, the facilities and equipment which would be made available for reparations claims; (c) SCAP should be directed to receive reparations claims from Far Eastern Commission countries within a reasonable period; (d) Allocations of available and claimed reparations should be made by SCAP in accordance with national percentage shares, substantially as herein stated. In making such allocations, consideration should be given by SCAP to items already delivered pursuant to the U.S. advance transfers directive (JCS Directive No. 75); and (e) Actual allocations and deliveries should be made by SCAP as soon as possible after issuance of the directive embodying this position in order that recipient nations may have the benefit of facilities and equipment as soon as possible and in order that reparations deliveries may be completed within eighteen months thereafter.

3. If, after reasonable consideration in the Far Eastern Commission, this position cannot be agreed upon in the Far Eastern Commission, the United States should consider the desirability of issuing a unilateral directive to SCAP.

4. Industrial reparations under the above proposal should be made available to those member countries of the Far Eastern Commission which can approve the following schedule of percentage shares. The United States Government for its own part should hold 18 of its 23% share of industrial facilities for redistribution among those Far Eastern countries which approve the schedule and which desire increments to industrial facilities which they are entitled to receive by their share. The United States Government should allow a period not to exceed one month for negotiation among countries wishing to participate in the redistribution of this 18%, in which these countries can seek a mutually acceptable redistribution of that share. If no agreement is reached within this period, the said 18% for redistribu-

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<sup>3</sup> For FEC-084, August 14, 1947, see *The Far Eastern Commission*, 2d report, p. 25.

tion should be divided among participating countries in proportion to the percentage shares shown below.

Australia	8%
Canada	1
China	30
France	21½
India	5
Netherlands	5
New Zealand	1
Philippines	8
USSR	4
United Kingdom	12½
United States	23

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894.50/9-1348

*The Assistant Secretary of State for Occupied Areas (Saltzman) to the Under Secretary of the Army (Draper)*

SECRET

WASHINGTON, September 13, 1948.

DEAR MR. DRAPER: Restoration of Japan to self-support is a major objective of U.S. foreign policy. The "Policy Recommendations With Respect to Japan" presently before the National Security Council provide that, as an important step to this end, the Japanese Government and people should assume increasing responsibility for Japanese economic recovery. However, a major obstacle to effectuation of this recommendation may well arise, namely, the apparent expectation of the Japanese Government and people that they can rely upon continued U.S. aid to relieve them of the results of any failure on their part to initiate or carry out effective economic policies.

An opportunity for disabusing the Japanese of this expectation will shortly present itself. SCAP has recently been requested to prepare, in conjunction with the Japanese Government, a long-range economic recovery plan, which will include realistic economic goals that can be accepted by the U.S. and Japanese Governments. SCAP is expected to forward that plan to Washington in October, for review and approval by the U.S. Government. I suggest that the State and Army Departments, after approving that plan, communicate the following policies concerning its execution to SCAP, and ask SCAP to make them known to the Japanese Government and people:

(a) full responsibility for execution of the plan to be assumed by the Japanese Government;

(b) SCAP continuously to inspect Japanese economic performance under this plan, and to forward quarterly reports thereon to the U.S. Government;



(c) consideration of these reports by the State and Army Departments to serve as a basis for periodic decisions by the U.S. Government concerning both the amount of Japanese appropriated aid to be requested of the Congress during the next fiscal year and the extent to which appropriated aid made available by the Congress for use in the occupied areas is to be assigned to Japan during any given period of the current fiscal year.

The adoption of these policies will place our Japanese aid program on somewhat the same basis as our aid programs in other parts of the world. They will, of course, diminish SCAP's immediate control over the economic administration of the Japanese Government. However, basic economic policies in Japan can still be powerfully influenced by the U.S. Government if it clearly fulfills its announced intention of directly and continually relating the amount of U.S. aid to the caliber of Japanese economic performance.

Effectiveness of this policy would, I believe, be enhanced if the United States simultaneously announced its intention to pay to the Japanese Government, beginning in the fiscal year 1950, the dollar equivalent of all yen costs incurred by that Government in meeting the needs of the occupation forces—less a suitable allowance for capital installations of permanent value to the Japanese. The introduction of this pay-as-you-go arrangement would not affect the total amount of funds to be requested of the Congress for Japan in FY 1950, since the appropriation for Japanese import procurement could be reduced by the amount of dollars made available to Japan to cover occupation costs. However, the net amount of U.S. aid being furnished to Japan would be made more clear both to the Japanese and to ourselves than it is at present, and, as a result, execution of a policy relating the amount of that aid to Japan's economic performance could be more easily effected and more generally understood. In particular, the Japanese would no longer be able to depreciate the significance of U.S. aid by indulging in loose allegations concerning the heavy counter-vailing burden of occupation costs.

Since payment for Japan on a current basis of the dollar equivalent of yen costs incurred by the Japanese Government in support of the occupation would reduce Japan's dollar deficit, this proposed policy would also have the effect of reducing future appropriation requests for aid to Japan, as distinct from appropriation requests to meet occupation cost payments. This would have beneficial diplomatic consequences, since the smaller appropriation requests for Japanese aid would arouse less Far Eastern antagonism towards the United States and Japan.

I am aware that this pay-as-you-go arrangement, although followed in Austria and Korea, is not in effect in Germany; it does not seem to

me, however, that the German and Japanese situations are necessarily comparable, in view of the existence of a central Japanese Government, of SCAP's undivided executive responsibility in Japan, and of the revised policy to be followed towards Japan during the pre-treaty period under the terms of the above-mentioned NSC policy paper.

I would appreciate hearing from you concerning these proposals at your earliest convenience, so that appropriate officials of the State and Army Departments may consult concerning them. I hope that it will be possible for the State and Army Departments to reach agreement on these proposals in the near future, as the Department of State would be assisted in determining its position in regard to future Japanese appropriation requests by knowledge of the course to be pursued with respect to these proposals.

Yours sincerely,

CHARLES E. SALTZMAN

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740.00119 PW/9-1448

*Memorandum by the Assistant Secretary of State for Occupied Areas  
(Saltzman) to the Secretary of State*

TOP SECRET

[WASHINGTON,] September 14, 1948.

Subject: Removal of Reparations Facilities from Japan

*Problem:*

At the meeting this morning you requested a specific suggestion as to how we might ensure that the Japanese will not be required to dismantle, pack and deliver to dockside reparations facilities which the claimant countries later prove themselves unwilling or unable to remove.

*Discussion:*

We believe that the point can be taken care of by the following changes in the proposal previously recommended:

The following section should be added as item (f) at the end of Paragraph 2 of the Department of State's proposed language for the NSC paper (enclosure No. 2 to your letter of September 10 to Secretary Royall):

"(f) Claimant countries should be required to enter into agreements with SCAP establishing specific schedules for the removal of allocated reparations facilities. Should any country fail to remove facilities on schedule SCAP shall be empowered to revise or suspend schedules for dismantling and delivery to dockside of facilities previously allocated that country."

To accord with this amendment, the reparations allocation procedure directive already sent to SCAP should be modified to provide

that agreements made between SCAP and reparations claimant countries regarding the dismantling, delivery and removal of reparations facilities will include a covenant on the part of the recipient country to accept and remove the specified facilities within specified time periods. This modification should provide that if in the judgment of SCAP the recipient country fails to meet these removal schedules, SCAP may revise or suspend schedules for dismantling and delivery to dockside of facilities allocated that country until SCAP is satisfied that removal schedules acceptable to him are being or will be met. It should further provide that when agreed removal schedules have not been met, normal commercial charges, payable in foreign exchange acceptable to SCAP, will be made for storage of facilities until their removal.

*Recommendation:*

If you feel that the above suggestions would satisfactorily meet the point you raised this morning, you may wish to suggest them to Secretary Royall as a modification in the State proposal.

CHARLES E. SALTZMAN

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740.00119 PW/9-1548

*Memorandum by the Assistant Secretary of State for Occupied Areas  
(Saltzman) to the Secretary of State*

TOP SECRET

[WASHINGTON,] September 15, 1948.

Subject: Japanese Reparations

*Discussion:*

In the meeting yesterday Secretary Royall stated that the Overseas Consultants, Inc. had considered and agreed to the level of industry conclusions of the Johnston report. According to Mr. Royall's representatives, the statement of the OCI, to which he refers, is the letter <sup>1</sup> attached at Tab B. This letter was sent you by Mr. Royall with his letter of 26 May <sup>2</sup> on Japanese reparations in which he requested the meeting which you held with him early in June.

As you will see from the second and last paragraphs of the letter, the OCI feels that, with certain exceptions, the "philosophy and conclusions" of the Johnston report and of the OCI report are in agreement and suggests the adoption of both of them. Although it might be true that their "philosophy" is similar, paragraph 2 of the OCI

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<sup>1</sup> See OCI letter of April 30, p. 970.

<sup>2</sup> See footnote 1, p. 970.



letter points out three specific differences in the recommendations made by the Johnston and OCI reports as to facilities that should be made available for reparations. Two of these—shipbuilding and primary war facilities—are among the three exceptions which the Department of State wishes to have made in accepting the Johnston levels:

1. *Shipbuilding*: The OCI letter refers to the previous OCI recommendation that only 400,000 tons of annual capacity be retained in Japan because steel could not be produced in Japan to permit the utilization of more capacity and because in view of the world shortage of steel the probability of the Japanese being able to import steel for shipbuilding in the next several years was remote. The OCI letter states "We know of no reason to change this opinion". It adds that if steel can be provided to utilize the capacity and if additional shipping can be produced, then it would be important to the economic recovery of Japan. The OCI letter does not indicate, however, that in its opinion these assumptions are well founded. We are in agreement with the OCI's earlier conclusion that steel will not be available to Japan for this purpose and that, therefore, not more than 400,000 tons of annual capacity can be effectively used in Japan. The surplus should be made available for removal to countries which need and can use it.

2. *Primary War Facilities*: The OCI letter states that OCI now agrees with the Johnston report that such primary war facilities as can be effectively used in the peacetime economy of Japan should be retained. The letter also states that Japan will need more rather than less industrial equipment than she now has to achieve self-support. The letter does not say, however, that the primary war facilities which OCI had recommended for removal can be effectively used in the peacetime economy of Japan.

CHARLES E. SALTZMAN

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740.00119 PW/9-1548

*Memorandum by the Assistant Secretary of State for Occupied Areas  
(Saltzman) to the Secretary of State*

TOP SECRET

[WASHINGTON,] September 15, 1948.

Subject: Proposals Designed To Facilitate Army Acceptance of the State Department's Reparations Proposals

1. Secretary Royall found particular difficulty yesterday in accepting the Department of State's proposal that all primary war facilities should be made available for reparations claim.

2. We believe that the following suggestion may facilitate Army acceptance of the State Department's reparations proposals as a whole.

3. Secretary Royall expressed serious apprehensions regarding the disruptive economic effects which would be produced by making available for reparations removal all machine tools included among Japa-

nese primary war facilities. It is true that SCAP has put some of these facilities to use. To remove such facilities would create obvious inconvenience. We believe, however, that Secretary Royall exaggerates that inconvenience because, on SCAP authority, we know that not more than 15% of the machine tools in primary war plants are now being employed in Japan and because the FEC has already authorized SCAP to retain temporarily such plants for purposes of the occupation on notification of his needs to the Allied Council in Japan. We have recognized that the dismantling of such operating plants and facilities at any time would present SCAP and the Japanese with administrative difficulties. We know that the USSR might make propaganda capital out of each use General MacArthur made of his recognized authority to retain them. However, we have felt that these difficulties and dangers were more than outweighed by the certainty that any substantial compromise of the general principles that primary war facilities should be made available for reparations would be exploited throughout the Far East as being an unfair and dangerous repudiation by the U.S. Government of its commitments in the Far Eastern Commission.

Nevertheless, we believe, now, in the light of your talk with Secretary Royall, that the following amendment in our proposal dealing with primary war facilities might satisfy the Army Department without unnecessarily exciting the fears of and provoking anti-American propaganda reaction within the Far Eastern countries.

The suggested re-wording follows:

#### PRIMARY WAR FACILITIES

All machinery and equipment (including thermal power units) in primary war facilities (army and navy arsenals, privately-owned munitions plants and aircraft plants), should be made available for reparations claim excepting that such of this machinery and equipment as has been authorized by SCAP, prior to 1 October 1948, to produce items necessary for the purposes of the occupation may, at the discretion of SCAP, be retained within Japan providing he makes available for reparations claim machinery and equipment of similar quantity, kind, and quality from the general inventory of Japanese industrial facilities which otherwise would be retained in Japan.<sup>1</sup>

CHARLES E. SALTZMAN

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<sup>1</sup> Notation by the Secretary: "This appears to be a good proposal. GCM".

894.602/9-2048

*The Acting Political Adviser in Japan (Sebald) to the Secretary  
of State*

CONFIDENTIAL  
No. 619

Tokyo, September 20, 1948.  
[Received October 6.]

SIR: I have the honor to enclose<sup>1</sup> a copy of a press release by the Public Information Office of this Headquarters entitled "SCAP's Deconcentration Review Board and Holding Company Liquidation Commission Hold Meeting",<sup>2</sup> and to report on the possible effect of that release on future deconcentration policy.

The Deconcentration Review Board, it will be noted, has submitted four basic principles to be followed by the HCLC in administering Law No. 207 of 1947, "Elimination of Excessive Concentration of Economic Power", which principles, according to Mr. R. S. Campbell, Chairman of the Board, constitute no change in the policy of this Headquarters.

We find it difficult, however, to agree that there has been no change in policy. The Japanese press and the Anti-Trust and Cartels Section are of the same opinion, pointing out that the new statement has definitely relaxed the application of the Deconcentration Law. The first principle in particular seems to have had that effect; it requires that a *prima facie* case must be made to show that a company "restricts competition or impairs the opportunity for others to engage in business independently in any important segment of business", and thus apparently discards the standards on the basis of which designation for reorganization has hitherto been made.

Article 3 of the Deconcentration Law provides as follows:

The HCLC shall designate excessive concentrations of power which exist on the effective date of this law or which shall have been in existence at any time between August 1, 1945 and the effective date of this law, and shall eliminate such excessive concentrations of economic power in the interest of public welfare.

For this purpose, an excessive concentration of economic power shall be defined as any private enterprise conducted for profit, or combination of such enterprises, which by reason of its relative size in any line or the cumulative power of its position in many lines, restricts competition or impairs the opportunity for others to engage in business independently, in any important segment of business.

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<sup>1</sup> Enclosures not printed.

<sup>2</sup> The statement was transmitted in telegram Z 23196, September 16, from Tokyo, not printed (894.602/9-1648).



The HCLC shall designate excessive concentrations of economic power in accordance with the foregoing definition and in accordance with standards to be adopted under the provisions of Article 6.

The last clause, according to Mr. E. C. Welsh, Chief of the Anti-Trust and Cartels Division of this Headquarters, was inserted because of the impossibility under a controlled economy of showing that any company "restricts competition". It was therefore concluded that certain standards, based on such factors as the control by any one company of a large proportion of the productive power in any industry, would be needed to determine excessive concentrations. The HCLC subsequently prepared such standards with the approval of this Headquarters (this Mission's despatch No. 126 of February 27, 1948),<sup>3</sup> which standards became the basis on which designations for deconcentration were made. It is Mr. Welsh's belief that the Deconcentration Review Board has chosen to ignore this critical provision of the law. Although the Board has not offered any clarification of its statement, he feels that this action will make the drafting of any final order for reorganization extremely difficult. It is impossible, Mr. Welsh believes, to show that any company is currently restraining competition, since competition can not exist under a system of price control and allocation of funds and materials; and it may therefore be concluded that large numbers of companies, if not all companies, must be released from designation.

The Japanese press and businessmen in Tokyo agree in substance with Mr. Welsh's views. Mr. J. P. Boyer, special representative of Westinghouse International Company, for instance, has expressed great satisfaction at what he considers a major change in policy, and one that will probably release Mitsubishi Electric, a pre-war Westinghouse affiliate, from designation. The *Nippon Times*, in discussing the recent announcement (clipping enclosed), reports that the principles "are expected to effect considerable changes in the plan for reorganizing holding companies." The same paper, in the enclosed editorial, notes that the announcement "should serve to allay the disquiet which has been manifest in certain quarters concerning the possible effects of the Deconcentration Law". *Asahi*, in an editorial, a translation of which is enclosed, concludes that "these principles will have far reaching effects upon the treatment of the 100 companies which are now subject to division".

At the meeting of the Deconcentration Review Board and the HCLC mentioned in the SCAP release, the HCLC was ordered to review in the light of the new standards the 180 orders it has thus far prepared. The Nippon Soda reorganization, which was discussed as a crucial

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<sup>3</sup> Not printed.

test of policy in this Mission's despatch No. 596 of September 10, 1948,<sup>4</sup> has accordingly been suspended pending further consideration. The Deconcentration Review Board has found the order in conflict with the new principles, and has ordered the HCLC to show conclusively that the company has operated in restraint of trade. The Board has further noted that, contrary to the second of the four principles, the Nippon Soda reorganization was based on a voluntary plan submitted by the company, and that operation in non-related lines of business was evidently considered evidence of excessive concentration. The Board has admittedly not limited itself to a finding of the effect of the reorganization on the Japanese economy, which finding was specified as the Board's main concern in its terms of reference.

Hope is expressed in the Japanese press (see the enclosed translation of editorial from the *Tokyo Shimbun*) and by businessmen in Tokyo that the way has been opened for further revisions in SCAP policy. In particular, it is expected that the Anti-Monopoly Law (Law No. 54 of 1947) will be revised to encourage foreign investments by repealing restrictions on intercorporate holdings and international contracts. Such a revision would of course invalidate many of the orders for stock disposal handed down by the HCLC under the Deconcentration Law.

Respectfully yours,

W. J. SEBALD

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<sup>4</sup> Not printed.

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740.00119 PW/9-2148

*Memorandum by the Assistant Secretary of State for Occupied Areas  
(Saltzman) to the Under Secretary of State (Lovett)*

TOP SECRET

[WASHINGTON,] September 21, 1948.

Subject: Submission of State Department Position on Japanese  
Reparations to the National Security Council

I am enclosing copy of a letter dated September 17, 1948, from Secretary Marshall to Secretary Royall on the subject of Japanese reparations (Tab A).<sup>1</sup>

The letter is the last of a series of exchanges on this subject between the two Secretaries (Tabs C through H), and presents Secretary Marshall's final views on the matter before his departure for Paris. His recommendations regarding the quantities of industrial facilities which should be made available for reparations removal, and the quantities of facilities in given industries which should be retained for use in Japan, are expressed in the body of the letter. The other aspects of

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<sup>1</sup> Not printed.

his proposal are contained in a revised section on Japanese reparations, appended as an enclosure to the letter, for inclusion in NSC 13, "Recommendations with Respect to U.S. Policy Toward Japan", and in points 2 through 6 of his earlier letter of September 10 (Tab D), which Mr. Royall was understood to accept at his meeting with the Secretary on September 14.

You will note that the Secretary states in the last paragraph of his letter of September 17 that "I am submitting to the NSC the attached revised recommendations for inclusion in the policy paper on Japan." Since the Secretary may not have had time before his departure to request you to take this action in his absence, I am taking this means of bringing the matter to your attention, and am enclosing a letter of transmittal from you to Admiral Souers (Tab B).<sup>2</sup> There are enclosed with the letter a copy of the revised State policy proposals and a statement, for the information of the Council, of the quantities of industrial facilities which would be made available for reparations removal to accord with the Secretary's conclusions on this question set forth in his letter of September 17 to Mr. Royall. Although the question of the quantity of facilities which should be made available is a matter for agreement between the State and Army Department alone under the State proposals, it would seem desirable that the Council be acquainted with our position.

I would like to call your attention also to the 5 points (numbers 2 through 6) advanced by Secretary Marshall in his letter of September 10 regarding the manner of implementation of the new U.S. reparations proposals. Although Mr. Royall was understood at his meeting with the Secretary on September 14 to accept these points, I would strongly recommend, if Mr. Royall has not committed himself more positively in the matter in the meantime in his reply to the Secretary's latest letter, that you or your representative reiterate our intentions in this regard at some point during the NSC discussions of the paper, in order to avoid any possibility of future misunderstanding.

[Annex]

*The Acting Secretary of State to the Executive Secretary of the  
National Security Council (Souers)*<sup>3</sup>

TOP SECRET

DEAR ADMIRAL SOUERS: You will recall that the State Department's policy paper, "Recommendations with Respect to US Policy Toward Japan", submitted to the National Security Council last June and

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<sup>2</sup> Annex, below.

<sup>3</sup> Sent on September 23.



given the designation of NSC-13, contains no proposals on Japanese reparations. It was provided in the paper that recommendations on this subject would be submitted at a later date.

After extended discussions with the Department of the Army and General MacArthur, the Department of State has now determined on an over-all reparations proposal which Secretary Marshall requested before his departure for Paris be submitted immediately to the Council for incorporation in NSC-13. I am accordingly forwarding the proposal<sup>4</sup> to you as enclosure number 1 to this letter.

You will notice that it is provided in paragraph 2(b) of the proposal that "SCAP should be directed to determine, announce and make available for reparations claims, categories and quantities of industrial facilities and equipment which are in excess of the levels finally agreed to by the State and Army Departments". The discussions with the Department of the Army and General MacArthur have largely revolved around the question of what these levels should be. In his final letter of September 17 before leaving for Paris, Secretary Marshall submitted his conclusions on this question to Secretary Royall with the hope that Mr. Royall would find it possible to accept them. These conclusions are presented for the information of the Council in enclosure number 2 to this letter.

In view of the urgency of the matter, and in order that the diplomatic discussions envisaged in the first paragraph of the policy proposal may be expedited, I suggest that the proposal be inserted in NSC-13 and the entire paper be placed on the agenda of a special meeting of the Council to be held at the earliest date agreeable to the members.

Sincerely yours,

ROBERT A. LOVETT

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<sup>4</sup> See memorandum of September 15, p. 1014.

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894.30/9-2348

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

No. 628

TOKYO, September 23, 1948.

[Received October 5.]

The Acting Political Adviser has the honor to transmit a copy of a press release by the Public Information Office, General Headquarters, Far East Command, entitled "Ship Scrapping Program Nearing Completion."<sup>1</sup>

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<sup>1</sup> Dated September 16, not printed.

Scrapping of war vessels, according to the release, is 97 per cent complete, and should be finished by the end of the year. The 421 warships designated for scrapping in 1946 were inoperable, chiefly through war damage, and were therefore not subject to division among the Allies. Materials obtained from the scrapping have been returned to the Japanese government.

The program of salvaging and scrapping merchant vessels is likewise proceeding rapidly, though it is not as near completion as the scrapping of warships. Of the 625 ships originally designated for the program, 31 are in process of salvage and 12 are in process of being scrapped, while 40 more are considered salvable. Ships abandoned as unsalvageable have totalled 278. Scrap is being turned over to shipowners for disposal under Japanese laws.

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894.602/9-2448

*Memorandum by the Director of the Office of Far Eastern Affairs  
(Butterworth) to the Assistant Secretary of State for Occupied  
Areas (Saltzman)*

CONFIDENTIAL

[WASHINGTON,] September 24, 1948.

Subject: Proposed Course of Action on Japanese Industrial Deconcentration

I understand that Mr. Draper phoned you on September 17 to inquire whether you still wished him to send our wire requesting the text of the Deconcentration Review Board's terms of reference, in view of the new information provided in CINCFE's September 16 telegram.<sup>1</sup> After reading CINCFE's telegram and the other wires and despatches enclosed with this memorandum, it would seem to me inappropriate and inadvisable to send the wire at this time in view of the delay which has occurred in its despatch and the undesirable interpretation which might be placed upon it in SCAP Headquarters as a result of developments during the period that the wire was being held. I suggest that you inform Mr. Draper that we wish to withdraw the wire for these reasons.

As you know, I have been in doubt for some time whether it was necessary or wise for this Government to submit a new policy proposal on deconcentration to the FEC in place of the old FEC-230. The developments noted in SCAP's wire and, probably with some exaggeration, in the enclosed Burton Crane and Central News despatches, have further strengthened me in this view. Even a recitation to the FEC of

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<sup>1</sup> See footnote 2, p. 1017.

action taken to date by SCAP in the field of deconcentration (proposed as a means of persuading other members that a policy decision is not necessary) would probably only serve to arouse undesirable criticism and controversy, particularly in view of the suspicions which news of "reinterpretations" and changes of attitude on this subject in SCAP Headquarters and in Washington must have occasioned in some FEC countries.

I would therefore recommend that the U.S. representative of the Economic Committee simply announce that this Government does not consider a policy decision on deconcentration necessary, and that the U.S. would accordingly decline to participate in the preparation of a policy paper on the subject if one is desired by other members. We would express our willingness, however, to obtain from SCAP as heretofore any information on the progress of the deconcentration program desired by other members. There would be no need for us to go into the question of what we would do if a policy paper drafted by other members came up for final approval in the Commission, but if this did occur, probably long hence, and it was a brief and general paper such as the British appear to desire, we might be able to approve it. If it was longer and unacceptable we could veto it, unless we decided it could be made acceptable by changes we might decide to suggest.

I am enclosing a memorandum of September 23 from Mr. Allison to me<sup>2</sup> setting forth in greater detail certain of the considerations giving rise to the above recommendations.

W. W[ALTON] B[UTTERWORTH]

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<sup>2</sup> Not printed.

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894.50/9-2948

*Memorandum by the Assistant Secretary of State for Occupied Areas (Saltzman) to the United States Representative on the Far Eastern Commission (McCoy)*

CONFIDENTIAL

[WASHINGTON,] September 29, 1948.

Subject: The Statement of the U.S. Member of the FEC Regarding Soviet Member's Proposals on "Level of Economic Life in Japan: Policy Toward Japanese Industry."<sup>1</sup>

In connection with the statement made by the Soviet Member at the last meeting regarding proposals on the level of economic life in Japan, the following statement is provided for your use at your discretion. You will note that certain questions are set out in this statement. It is the feeling of the Government that the United States should not take

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<sup>1</sup> On September 23; see telegram 334, September 29, 7 p. m., p. 853.



a leading position in the discussion of this subject. Therefore, it is believed preferable to defer asking these questions until it is seen whether some other representative may ask them. If none does, then the questions should be put at your discretion.

"My Government notes with interest the statement made by the Soviet member concerning FEC 242/32. My Government has pointed repeatedly to the mutually beneficial effects upon the economic rehabilitation of the Far Eastern countries which may be expected from a development of Japanese peaceful industry and enlargement of Japan's foreign economic ties. On January 21 of this year I stated to the Commission that the U.S. Government expected to take positive measures to bring about that objective. My Government welcomes any indication that other member countries of the Far Eastern Commission have a similar interest in realizing the potential advantages to all member countries which may be expected from the free and healthy development of Japanese trade and production for peaceful purposes.

"There are, however, a number of questions which have been prompted by this statement.

"A distinction was drawn by the Soviet member between 'peaceful Japanese industry' and 'Japanese war industry'. It would be appreciated if the Soviet member could clarify the meaning of these two expressions.

"The Soviet member has referred in his statement to the need for establishing 'controls' in his proposed policy decision to prohibit the revival and creation of Japanese war industry. Does the reference to 'controls' imply the establishment of some machinery for this purpose during the period of the occupation, and so would not such controls conflict with the terms of reference of the Far Eastern Commission, the Allied Council for Japan, and the role of the Supreme Commander for the Allied Powers in the regime of control in Japan?

"The Soviet member has referred to 'those powers most interested in preventing a new Japanese aggression.' Does this phrase describe the present membership of the Far Eastern Commission, or are fewer or more countries than those now members of the Far Eastern Commission referred to?"

CHARLES E. SALTZMAN

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894.602/9-3048

*Memorandum by Mr. Paul H. Nitze, Deputy to the Assistant Secretary of State for Economic Affairs (Thorpe), to the Assistant Secretary of State for Occupied Areas (Saltzman)*

[WASHINGTON,] September 30, 1948.

Action to formally withdraw FEC 230 from the FEC, as proposed by Mr. Butterworth in his memo to you,<sup>1</sup> would present to the U.S. Government four problems of substance:

1. Preventing other FEC countries from pushing through the FEC a policy on this subject which would be unacceptable to the U.S., with-

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<sup>1</sup> Dated September 24, p. 1022.

out being prepared to set forth a positive U.S. policy for adoption by the FEC.

2. Preventing the Japanese, on whom we must rely to an increasing extent, as time goes on, to carry out those aspects of the deconcentration program which are essential to U.S. policy, from receiving the impression that the U.S. is no longer interested in deconcentration and that failure by them to implement legislation now on the books will be not only acceptable to but perhaps even desired by the U.S.

3. Ensuring that a relatively small but important part of the deconcentration program having to do with such companies as Mitsubishi Heavy Industries and with the four major banks who control 75 per cent of Japanese banking resources gets accomplished, a doubtful project unless the present approach of the Deconcentration Review Board is somewhat strengthened by policy advice from Washington, particularly emphasizing the importance of the political influence of such business organizations as opposed to their economic effects on prices and competition.

4. Providing policy guidance on the difficult but major issue of the way in which the very large volume of securities now in the hands of the Japanese Government is placed on the market.

From a long-term standpoint point 2 seems to me to be of the greatest importance. Point 1 seems to be of much less importance and I am willing to disregard it.

In order to protect essential U.S. policy interests I can agree to the formal withdrawal of FEC 230, subject to agreement with the Department of the Army on the following concurrent measures:

1. Issuance of a public statement by Secretary Royall, or by Secretary Royall and Acting Secretary Lovett jointly, lauding SCAP and the Japanese Government for the progress made in the deconcentration of Japanese industry, reaffirming the U.S. objective of preventing the recurrence of the highly concentrated structure of Japanese finance and industry, anticipating the early attainment of a Japanese economy in which ownership and control of industry and finance would be widely dispersed among the Japanese people, and asserting that because the policy issues have been so largely resolved by the timely work of SCAP and Japanese it has been possible to withdraw the policy problem from consideration before the FEC.

2. The dispatch of a message to SCAP from State and Army urging that the final form of the proposed revision of standards recommended by the Deconcentration Review Board be such as would permit designation of a company as an "excessive concentration" for reasons analogous to those which were responsible for the U.S. Public Utility Holding Company Act, e.g., the likelihood that companies dominating particular areas would influence credit, governmental policy, technological progress or labor policy in that area to the detriment not merely of their competitors but also of the optimum development of Japanese political and economic life; and urging, further, that the problem of deconcentration in the field of banking and finance be considered on a priority basis with these considerations in mind.

3. Initiation of a re-examination by State, Army and SCAP of the problem of disposition of securities, recognizing that it has policy implications requiring Washington advice to SCAP.

For your information in considering this proposal, I am attaching a statement of the status of the deconcentration program in Japan.<sup>2</sup>

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<sup>2</sup> Not printed.

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740.00119 FEAC/9-3048

*The Acting Political Adviser in Japan (Sebald) to the Director of  
the Office of Far Eastern Affairs (Butterworth)*

PERSONAL AND SECRET

Tokyo, September 30, 1948.

[Date of receipt not indicated.]

DEAR BUTTERWORTH: The recent statement by the Soviet Ambassador concerning "Level of Economic Life in Japan: Policy towards Japanese Industry", made at the FEC meeting of September 23, 1948,<sup>1</sup> has again focused attention on the Japanese situation and appears to be part and parcel of a continuing Soviet diplomatic offensive concerning Japan. There is no doubt in my mind but that the Soviets are on the offensive in so far as Japan is concerned, and that our efforts, as seen from here, are defensive—even though by their nature our intentions may be constructive and designed to accomplish the emergence of a free, democratic, self-sufficient, and peace-loving Japan.

We have generally been, and are now, in the position of defending what we have done or intend to do; in contrast, the Soviets have fortuitously taken advantage of our announcements and actions, with the result that we have had to explain, deny, change, or defend our policies in consequence of the imputations made. An example of the Soviet method has been the recent shift in communist party line advocating an early peace treaty, with its implications of an early end to the Occupation, the withdrawal of Allied (chiefly American) troops, that the United States is stalling, and other propaganda lines designed for palatability to the Japanese people.

Now comes the Panyushkin statement which proposes a removal of limitations upon peaceful industry, although the real catch in the proposal obviously is the establishment of some sort of multi-power control. Were we to fall for the condition which is coupled with the proposal, it would naturally mean a greater share in the post-treaty control of Japan by Russia than is possible under the present regime of control.

I believe it is evident that we may look for further "surprises" from what appears on the surface to be an apparent reversal of Soviet policy and endeavors to indicate to the Japanese people a desire on Russia's part to increase understanding and friendly and peaceful relations

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<sup>1</sup> See telegram 334, September 29, 7 p. m., p. 853.



between the two countries. Any encouragement by ourselves or other nations to this trend would merely foster the "kiss of death" so evident from recent events when Russia has had occasion to enter into equal control with ourselves or other nations anywhere in the world. I hope that everything possible will be done to prevent both the growth of Soviet influence in Japan and their desire to have a greater voice in Japanese affairs, especially if it should be at the expense of the preponderant voice which the United States now has.

You will undoubtedly recall my recent request for a policy statement concerning Japan and the Department's reply to the effect that such a statement is under preparation and will be made in due course. I have had no information as to when this statement will be issued, but in connection therewith—perhaps it is already too late to do anything about it—I hope that it will set forth as a minimum United States policy in the present pre-treaty period, and that it will be a fearless and forceful presentation of policies which the United States intends to pursue in the accomplishment of its ultimate aims in and for Japan, which it hopes will eventually be worthy of admission as a full-fledged member of the United Nations. I would hope, as a minimum, that the policy statement will contain some reference to the following points:

*a.* The rehabilitation of Japan, with United States assistance and as rapidly as conditions will permit, to a condition of self-sufficiency. In keeping with this objective the removal of those measures of control by the Occupation which restrict or retard rehabilitation.

*b.* The elimination to the greatest possible extent of direct participation by the Occupation in governmental functions in order to prepare for Japan's return to normal conditions of sovereignty.

*c.* A radical reduction in Occupation costs by the elimination of all functions of the Occupation (other than security) which do not contribute directly towards the above-mentioned aims.

*d.* The establishment of a foreign exchange rate.

*e.* Removal with a stamp of finality of all the uncertainties of the reparations problem.

*f.* A re-examination of the entire purge question, especially of the economic purge.

*g.* Assistance to the Japanese for the establishment of an adequate and efficient police system capable of keeping order in Japan without outside help.

*h.* A scrapping of the so-called level of industry formulae which are academic, unenforceable, and inconsistent with our basic policy.

*i.* A reiteration of our determination that Japan shall not re-arm nor possess a heavy industry specifically adapted to rearmament.

*j.* Rehabilitation of Japan's merchant marine with permission during the pre-treaty period to engage in foreign trade and operations (with countries that will receive Japanese shipping) in order that Japan may thereby accumulate needed foreign exchange and rebuild, in part, its trading potential.

k. Elimination of Occupation personnel as rapidly as their functions can be absorbed by the Japanese Government, which shall operate under supervision and guidance of the Occupation rather than as an adjunct to the Occupation.

l. Prompt return to the Japanese economy of buildings, housing, and facilities resulting from the reduction of Occupation personnel.

m. A re-examination, in the light of experience gained to date and in view of the changed world situation since the end of hostilities, of all United States interim directives and FEC policy decisions adopted to date.

n. A thorough examination, with a view to obtaining concrete results, of ways and means of enabling Japanese scholars and students to study in the United States—including the possibility of an amended Fulbright Act, or possibly by setting aside for this purpose a small percentage of the proceeds of foreign exchange.

Additionally, consideration might well be given to an announcement to the effect that it is in the national interest of the United States that Japan shall remain a free, sovereign, and independent country. This principle would appear so obvious, in the light of world conditions, as to require no further justification or elucidation. At the same time, it would offer to Japan the choice of road which they should follow, irrespective of how attractive Soviet propaganda might sound.

I believe that unless we are specific regarding our aims and objectives in Japan, we shall continue to remain on the defensive, to the delight of Soviet Russia and to our own detriment in the Far East. I realize, of course, difficulties which might arise with other FEC nations, but the above considerations are fundamental and basic. In any event, the springboard for the policies enunciated might well be the desire of the United States to hasten the rehabilitation of the Far East by accelerating a return to normalcy of an important nation in this area, so that mutually satisfactory and beneficial exchange of goods between all Pacific-area countries can be increased and the prospects for future peace strengthened by a healthy trade.

There is another aspect of this general problem. We see here, among the Japanese, a certain confusion of mind not unlike that which has grown up in some other parts of the world where the contrast between the pre-war and post-war roles of the United States is so sharp as to be uncomprehended. To many who formerly thought of the United States as the haven of liberal causes and principles it is far from easy to welcome present American-backed measures which are necessary concomitants of being the world's dominant power. We used to cling to a national policy of disarmament; now we are in the midst of rearming. There was a time when American influence in the British Empire was felt as an anti-imperialist factor; the upholding of Commonwealth stability, and our own far-flung order-maintaining responsibili-

ties, are now the foundation rocks of United States policy. The United States formerly pressed for outlawing mass weapons; now we look upon the most destructive one of all, in our sole possession, in quite a different light. Earlier a country advocating the maximum commercial penetration of international channels of intercourse, we are now involved in exercising strict governmental controls in these matters. Once generally opposed to military power, the United States is now potentially the greatest military power on earth and proposes to remain so.

I think it would be a major error of policy to allow the impression to become general among the Japanese that all our principles, of which I have enumerated only a few, are subordinate to the ultimate defeat of communism. To do so would give rise to suspicion that we have abandoned much for which we have stood and which the Occupation has accomplished.

We are urgently interested in a going and healthy Japan resistant to the enemy, and I fully recognize that we cannot be too selective in our ideas as to how Japan gets on her feet for the purpose; but there is actual force in the hold of ideas, and the idealistic appeal which the United States made to the world previously is something which we should not, and certainly not in Japan, by inattention allow to lapse. Our policy in drawing up the scattered potential for the containment of Soviet power should not be permitted, it seems to us, to appear as the sole dominant of the American harmony. In standing strong against Soviet coercion it would be a mistake to give their false propaganda the opportunity to step in and assume squatter's rights to the liberal causes; we must, therefore, also be articulate about those principles for which we stand, additional to the stopping of the Soviet Union.

In writing the above, I am, of course, mindful of the probability that everything herein has already been well considered in the Department. But even so, the matter appears to me to be of such vital importance to the future well-being of our relations with Japan and the Far East, that I write at the risk of repetition. I feel that only by reiteration of the fundamentals involved will our foreign policy for the Far East become crystallized, the issues openly discussed, and the American people and the peoples of the world become cognizant of our aims and objectives in this part of the world.

There is also the important point of educating the Japanese people regarding their own future. I would be bold indeed to attempt to prognosticate Japan's future course of action. But come what may, I feel it most important that the record be clean and that the fog and mists created by irresponsible acts, statements, and announcements of some



of our officials regarding our motives in Japan should be swept away. Finally, it is obvious that the details of policy are not immutable but must be elastic and subject to change in a world of changing conditions. The policy itself, however, if clear and unequivocal and honest in its motives and aims will be just as valid a century hence as it is now.

Sincerely yours,

W. J. SEBALD

740.00119 PW/6-548

*Memorandum by the Assistant Secretary of State for  
Occupied Areas (Saltzman)*

[TOP SECRET]

[WASHINGTON,] October 1, 1948.

PROCEEDINGS OF NATIONAL SECURITY COUNCIL, SEPTEMBER 30, 1948  
WITH RESPECT TO OCCUPATION POLICY IN JAPAN<sup>1</sup>

No agreement was reached with respect to paragraph 9 on the role of the Far Eastern Commission and with respect to that part of paragraph 20 which concerns the flexibility of the levels for reparations removals. Since Mr. Lovett could not be present, paragraphs 9 and 20 were left unresolved and it was understood that Messrs. Forrestal,<sup>2</sup> Lovett, and Royall will consult further in order to reconcile the divergent views on these paragraphs. Specific notations of action taken with respect to each point on which there was not agreement before the meeting between State and Army are as follows:

1. Para. 9—no agreement. Put over for conference between Messrs. Forrestal, Lovett and Royall.

2. Para. 19—control of Japanese war potential. The Army proposal was accepted by State.

3. Para. 20,<sup>3</sup> a.—omission by Army of "Part A" of Advance Transfers Directive. Mr. Draper pointed out various respects in which "Part A" of this directive appears to conflict with the position as set out in Para. 20. I pointed out the desirability that there be some directive on allocations for the guidance of SCAP. Army agreed in principle that there should be a new directive on allocations in connection with a new reparations directive. I did not specifically offer the language set forth on page 2 of the State Department's briefing memorandum. (Note: I think it would be consistent with the understanding reached at the meeting and appropriate to include so much of Part B of the directive as is consistent with the new policy in the U.S. proposal to the FEC, and in any new interim directive which may be issued.)

4. Para. 20, a.—insertion of "after that directive has been rescinded and". This Army amendment was not discussed. Since the whole paper has not yet been agreed, this point should be considered when the

<sup>1</sup> For NSC 13, June 2, see PPS/28/2, May 26, p. 775. For text adopted on October 7, see NSC 13/2, p. 857.

<sup>2</sup> James V. Forrestal, Secretary of Defense.

<sup>3</sup> See enclosure 2, p. 1009.

as yet unagreed portions are discussed by Messrs. Forrestal, Lovett, and Royall if agreement is not previously reached with the Army.

5. Para. 20, a.—proposed insertion at end of Para. 20, a. This proposal was accepted by me.

6. Para. 20, b.—insertion of “to the FEC”. This Army amendment was not specifically discussed. It should be considered reserved in connection with the whole question of the levels of retention for negotiation with the other interested countries.

7. Para. 20, b.—insertion of new para. b. (1). This amendment was discussed at length but no agreement was reached and it was put over. In the discussion representatives of the Department of the Army indicated that they definitely desired by this amendment to exclude gold, among other things, as a source of reparations.

8. Para. 20, b.(2)—proposed deletion and insertion at end of first sentence sub-para. b.(2). No agreement was reached on the Army amendment or upon the alternative language suggested by State because the whole question was left unresolved. The State Department's point that the quantity should be stated in terms of deliveries rather than levels of retention was not brought up.

9. Para. 20, b.—proposed new sentence inserted under Table of Retention Levels. This amendment was accepted by me.

10. Para. 20, b.—insertion re Accessory Equipment. This amendment was accepted by me.

11. Para. 20, b.—proposed insertion in sub-para. b.(3). This Army amendment was accepted.

12. Para. 20, b.(4)—re 90-day period, insertion of the word “and”. This amendment was accepted.

13. Para. 20, b.(5)—insertion of the word “actual”. This amendment was accepted.

14. Para. 20, b.(6)—proposed insertion at end of sub-para. b.(6) re retention if assets not taken in 18 months. The State Department redraft set forth on page 5 of briefing memorandum was accepted by Army.

15. Para. 20, c.—proposed Army amendment adding words “and in any event not later than February 1”. This Army amendment was accepted.

CHARLES E. SALTZMAN

501.BD Asia/10-448

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

RESTRICTED  
No. 653

TOKYO, October 4, 1948.  
[Received October 15.]

SIR: I have the honor to enclose <sup>1</sup> copies of a memorandum of September 29, 1948 for General Marquat, Chief of the Economic and

<sup>1</sup> Enclosure not printed.

Scientific Section of this Headquarters on the subject of "Report on ECAFE Mission to Japan, 22-29 Sept 1948" prepared by Mr. Emerson Ross, Deputy Executive Secretary of ECAFE and former Advisor to General Marquat.

In addition to Mr. Ross, the Mission consisted of Dr. Shih, of China's National Resources Commission and Chairman of ECAFE's Industrial Development Working Party, Mr. Sen, of India's Ministry of Agriculture and Chairman of ECAFE's Agricultural Requisites Committee, and Mr. Lin, Vice Minister of China's Ministry of Agriculture and fertilizer expert.

The Mission was primarily concerned with the problem of developing and expanding complementary trade relations between Japan and the various Far Eastern nations. A request was submitted to this Headquarters for an estimate of Japan's import requirements for the next five years together with a request for an indication of Japan's capacity to produce certain capital goods items and an indication of what quantity might be available for export in each instance. In this connection, reference is made to the problem of financing Japan's production of capital goods since, Mr. Ross states, the requirements of Far Eastern nations for such goods will exceed in value the industrial raw materials which these countries can ship to Japan for the production of these goods. Mr. Ross suggests that this problem could be met in part by shipments of food to Japan provided the political influence of the member governments of ECAFE is strong enough to overcome the unwillingness of the IEFC to approve foodstuff allocations to Japan. The suggestion is also made that the financing problem could be met in part by International Bank, Export-Import, or private bank loans to Far Eastern nations.

In this relation, the importance is stressed of permitting Japanese technicians to go abroad as well as permitting nationals of other countries to come to Japan in order to receive training in Japanese factories. Pending a final decision by the Far Eastern Commission on this matter, there is nothing to prevent such activities at present, Mr. Ross states, and he expresses the hope that this Headquarters will develop procedures for carrying out such a technical training program. By way of illustration, reference is made in the enclosed memorandum to the proposed establishment and operation of a paper factory in Canton by some twenty Japanese technicians.

With respect to paragraph 6 of the enclosed memorandum, plans and procedures for handling ECAFE representatives, as well as members of other United Nations organizations while in Japan, are being prepared by this Headquarters.

Respectfully yours,

W. J. SEBALD



740.00119 Control (Japan)/10-748

*Memorandum by the Assistant Secretary of State for Occupied Areas  
(Saltzman) to the United States Representative on the Far Eastern  
Commission (McCoy)*

CONFIDENTIAL

[WASHINGTON,] October 7, 1948.

Subject: Instructions on Compromise Language for paragraph 1 C  
of FEC 298/8.

This will confirm the oral authorization given to Mr. Barnett <sup>1</sup> to accept the compromise language for this paragraph suggested by the United Kingdom as follows, or closely comparable language to the same effect:

"The specific travel authorized herein should be restricted to that deemed essential to meet Japan's peaceful needs as defined by the FEC and the number of Japanese commercial representatives permitted to travel abroad should be similarly restricted."<sup>2</sup>

CHARLES E. SALTZMAN

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<sup>1</sup> Robert W. Barnett, member of the U.S. delegation to the Far Eastern Commission.

<sup>2</sup> For text as passed by the FEC on October 21, see *The Far Eastern Commission*, 2d report, p. 36.

S94.50/10-1548

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*The Under Secretary of the Army (Draper) to the Assistant Secretary  
of State for Occupied Areas (Saltzman)*

SECRET

WASHINGTON, 15 October 1948.

DEAR MR. SALTZMAN: Your letter of 13 September 1948, on the subject of "Restoration of Japan to Self-Support" has been given careful consideration by the Department of the Army. While it is agreed that "Restoration of Japan to Self-Support" is unquestionably a major objective of U.S. Foreign Policy there are, it is believed, serious obstacles to achieving this objective through the program outlined in the referenced letter.

The program suggested by your letter proposes that full responsibility for the operation of an approved Japanese economic recovery program, including the combined objectives of Prevention of Disease and Unrest and Economic Rehabilitation, be shifted from SCAP to the Japanese Government. SCAP's responsibility would change from one of control of the Japanese economy to one of inspection and report. Occupation costs under the proposal would be put on a pay-as-you-go basis. A Japanese Aid Program based on net dollar deficit less receipts from occupation costs would be formulated in such a manner as to relate the amount of aid to "the caliber of Japanese economic performance".

In commenting on your proposals we have divided the principal points under two headings, *A* Pay as You Go and *B* Shift of Responsibility to the Japanese Government.

*A. Pay as You Go:* The State Department proposes the adoption of a Pay-as-you-go policy in Japan so that (1) the net amount of U.S. aid after deduction of occupation costs can be made clear; (2) a policy can be developed relating such net amount of U.S. aid to Japan's economic performance under an approved Recovery Plan; (3) the Japanese will not be able to "depreciate the significance of U.S. aid by indulging in loose allegations concerning the heavy countervailing burden of occupation costs"; (4) future appropriation requests for aid to Japan, as distinct from requests to meet occupation costs, can be reduced. This, State Department feels, would diminish the antagonism felt by other Far Eastern countries toward our policy of rebuilding Japan.

Occupation costs in Japan are estimated by the Japanese to be approximately \$333,000,000 per year, based on the assumption that one-third of the Japanese national budget of approximately \$1,000,000,000 is earmarked for costs of occupation.

1. Pay-as-you-go Occupation costs would be chargeable to the Military Functions Budget of the Department of National Defense, since Army, Navy and Air are all involved in the occupation of Japan. The FY 1950 ceiling for Military Functions has been set at \$15,000,000,000. A reduction of this sum by \$333,000,000 (see above) involves the question as to whether at this time such an amount should not rather be programmed for primary military requirements.

2. Under the terms of the Armistice, Japan, an enemy of the United States as distinct from a liberated country, is responsible for occupation costs. A unilateral change in this agreement prior to a peace treaty raises the problem of probable Congressional objection. It is believed that there would be much unfavorable Congressional reaction if a pay-as-you-go policy is adopted in Japan at this time or in the near future.

3. Even though the participation of Russia, Great Britain and France in the occupation of Japan is a minor matter, it should be noted that they have refused to participate in the pay-as-you-go procedure in Austria, and it is not believed that they would join in a similar proposal for Japan. This opinion is reinforced by the recent refusal of the British Commonwealth Occupation Forces to pay for Japanese personal servants, despite a SCAP directive to the contrary.

In light of the foregoing the Department of the Army does not now concur with the pay-as-you-go proposal.

*B. Shift of Responsibility to the Japanese Government:* This appears to be a matter of degree rather than of principle. Para. 15 of NSC 13/2<sup>1</sup> setting forth a policy on economic recovery seems to be

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<sup>1</sup> October 7, p. 857.

the pertinent broad policy guidance. In approaching this problem the following points have been raised in the Department of the Army.

1. GARIOA funds have been appropriated directly to the Department of the Army for the purpose of preventing disease and unrest prejudicial to the Occupation Forces and for initiating industrial recovery. The Congress holds the Department of the Army responsible for these expenditures. As regards the GARIOA appropriation which rests on U.S. legal responsibility under International Law, there may arise a conflict between State Department proposals which may envisage direct control of all U.S. aid in the hands of the Japanese Government, and the practical problem of fulfilling our responsibility without having direct control of sufficient funds to do the job.

2. The operation of OJEIRF (formulated pursuant to FEC policy) and the loan arranged under this credit with the Export-Import Bank and private banks have been made on the basis of SCAP responsibility.

3. In the operation of the Natural Fibers Revolving Fund (PL 820, 80th Congress) the Secretary of the Army is designated as the responsible official.

4. There is a definite limitation to the power of the economic club held over Japan so long as our occupation forces remain there, and hence the U.S. is unable to divest itself of responsibility for the prevention of disease and unrest.

5. It does not appear that the Executive Branch of the Government could take action to transfer full responsibility for operations under the various appropriations and Government actions indicated above, even if it desired to do so, without prior consultation with and approval by the Congress.

It is agreed that it would be very desirable for appropriate officials of the State and Army Departments to consult in the immediate future on this matter of the shift of responsibility to the Japanese Government.

For the Under Secretary of the Army :

G. A. LINCOLN

Colonel, USA

*Assistant to the Under  
Secretary of the Army*

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740.00119 PW/10-2848

*The Acting Secretary of State to the Secretary of the Army (Royall)*<sup>1</sup>

TOP SECRET

WASHINGTON, October 28, 1948.

DEAR MR. SECRETARY: I am informed by Mr. Kennan that he and Mr. Draper have reached substantial agreement on the enclosed re-

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<sup>1</sup> Copy transmitted to the Secretary of Defense (Forrestal) in reply to his letter of October 26 (not printed).



vised policy statement on Japanese reparations. I have reviewed the statement and, though seriously concerned over the expected undesirable consequences for our foreign relations of the successive revisions in the original State proposals, am prepared to urge the statement's immediate adoption by the National Security Council.

I understand further from Mr. Kennan, however, that the Department of the Army now wishes to defer submission of the statement to the NSC until it has been possible to consult Congressional leaders in the matter after the elections. It is the view of this Department that the present proposal amply protects our domestic, even if not our foreign, interests, and should be implemented at this time as an executive responsibility. Therefore, although I am willing to agree that action in the NSC be deferred until the consultations desired by the Army have taken place, I feel that I must clarify the Department of State's position in the matter to the NSC through the enclosed statement for reading to the Council at its next meeting.

I assume that the Department of the Army will take the initiative in arranging the proposed consultations with Congressional leaders, but would appreciate being advised of the arrangements when concluded so that the Department of State may be adequately represented. I strongly urge that the consultations be held at the earliest possible moment following the elections, or before the elections to the extent feasible, and suggest that the enclosed revised policy statement be presented to the Congressional leaders as the long considered view of the State and Army Departments on this highly complicated problem.

The revision of paragraph 9 of NSC 13/1,<sup>2</sup> dealing with the Far Eastern Commission, which was proposed by the Department of the Army (copy enclosed) is satisfactory to this Department, and I am advising Admiral Souers, Executive Secretary of the Council, to that effect.<sup>3</sup>

Very sincerely yours,

ROBERT A. LOVETT

[Enclosure 1]

TOP SECRET

LONG ARMY PROPOSAL ON JAPANESE REPARATIONS FOR INCORPORATION  
IN NSC 13/1

20. *Japanese Reparations*

a. After prior diplomatic discussion with friendly FEC nations the United States should submit the following proposals on Japanese

<sup>2</sup> See memorandum of September 24, p. 853.

<sup>3</sup> See letter of October 28 with enclosure, p. 879.

reparations to the Far Eastern Commission, unless such extremely strong opposition is encountered in the diplomatic discussions as to indicate the need for review or withdrawal of the proposals. The Japanese reparations interim directive on advance transfers and allocations procedures (JCS Directive No. 75) should be rescinded simultaneously with the submission of the proposals to the Far Eastern Commission, except that it should remain in effect with respect to allocations of assets which have already been processed under the directive.

b. The aforementioned United States proposals to the FEC should be that:

(1) Japanese external assets located within the territories of Allied nations on September 2, 1945, or in former Japanese territories to be transferred to Allied nations by international agreement, should be retained by such nations and their value taken account of as reparations.

(2) SCAP should be directed to determine, announce publicly and make available for reparations claims, within 30 days after receipt of a directive on this subject, categories and quantities of industrial facilities and equipment specified below:

<i>Industry</i>	<i>Unit</i>	
Pig Iron	M.T.	700, 000
Steel Ingot	M.T.	1, 400, 000
Steel Rolling	M.T.	400, 000
Shipbuilding	G.T.	300, 000
Nitric Acid	M.T.	82, 000
Synthetic Rubber	M.T.	750
Aluminum and Magnesium Fabricating	M.T.	50, 000
Magnesium Reduction	M.T.	480
Primary War Facilities	All, except as noted below.	
All other	None, except as substituted for primary war facilities.	

SCAP should use his discretion in determining particular assets to be made available for reparations claims in accordance with the quantities specified above. Industrial facilities and equipment to be determined available for reparations claims should not include buildings, nor, in general, accessory equipment not an integral part of facilities made available for reparations claims nor accessory equipment essential to the operation of facilities to be retained in Japan. SCAP may, if necessary, exercise authority granted him by the FEC in FEC 084/21 to retain particular plants declared available for reparations. However, all machinery and equipment (including thermal power units) in primary war facilities (army and navy arsenals, privately-owned munitions plants and aircraft plants) should be made available for reparations claim, excepting that such of this machinery and equipment as may, within 30 days after his receipt of a directive on this subject, have been designated by SCAP as required for the purposes

of the occupation may be retained within Japan and SCAP should furnish wherever practicable in the light of occupation requirements replacements as closely similar as can be provided from the general inventory of Japanese industrial facilities which otherwise would be retained in Japan. It is the view of this Government that this provision should be deemed the final application of paragraph 10 of FEC 084/21 so far as it applies to primary war facilities.

(3) SCAP should be directed to receive reparations claims from Far Eastern Commission countries within a reasonable period and should determine the final date for submission of such claims. This date should not be earlier than 90 days subsequent to his receipt of a directive on this subject.

(4) Allocations of available and claimed reparations should be made by SCAP in accordance with national percentage shares, substantially as herein stated, and in accordance with the provisions set out in Part B of JCS Directive No. 75 to the extent that such provisions are not inconsistent with the policies adopted herein.

(5) Actual allocations and deliveries should be made by SCAP as soon as possible after issuance of the directive embodying this position in order that recipient nations may have the benefit of facilities and equipment as soon as possible and in order that reparations deliveries may be completed within eighteen months after issuance of the directive.

(6) Claimant countries should be required to enter into agreements with SCAP establishing specific schedules for the removal of allocated reparations facilities. SCAP should be instructed to arrange these schedules with a view to minimizing the possibility of dismantlement being rendered useless by any failure of recipient countries to remove equipment from Japan. Should any country fail to remove facilities on schedule, SCAP shall be empowered to revise or suspend schedules for dismantling and delivery to dockside of facilities previously allocated that country.

Although claimant governments should be informed that no reparations deliveries will be permitted after the eighteen months period, SCAP should have discretion to determine whether assets delivered to dockside in accordance with the above-mentioned agreements but not removed within this period should be delivered or returned to the Japanese economy.

*c.* An FEC or U.S. interim directive to SCAP embodying the above proposals should be accompanied by a U.S. Government public announcement that in its view Japanese reparations should be limited to the relinquishment of title to and ownership of external assets outside Japan on 2 September 1945 and to the removal of the quantities of industrial facilities and equipment from Japan specified in the directive.

*d.* If, after reasonable consideration in the Far Eastern Commission, the position in subparagraph *b* above cannot be agreed upon in the Commission, the United States should consider the desirability of issuing a unilateral directive to SCAP. The desirability of issuing



such a directive should be considered in any event not later than February 1 if the Commission has by that time been permitted at least one month's consideration of our proposals.

*c.* Industrial reparations under the above proposal should be made available to member countries of the Far Eastern Commission in accordance with the following schedule of percentage shares. The United States Government for its own part should hold 18 of its 23% share of industrial facilities for redistribution among those Far Eastern countries which approve the schedule and which desire increments to industrial facilities which they are entitled to receive by their share. The United States Government should allow a period not to exceed one month for negotiation among countries wishing to participate in the redistribution of this 18%, in which these countries can seek a mutually acceptable redistribution of that share. If no agreement is reached within this period, the said 18% for redistribution should be divided among participating countries in proportion to the percentage shares shown below.

Australia	8%
Canada	1
China	30
France	21½
India	5
Netherlands	5
New Zealand	1
Philippines	8
USSR	4
United Kingdom	12½
United States	23

[Enclosure 2]

TOP SECRET

#### STATEMENT BY THE ACTING SECRETARY OF STATE TO THE NATIONAL SECURITY COUNCIL ON JAPANESE REPARATIONS

The Council will recall that it was decided at the Council meeting on September 30 <sup>4</sup> that the State, Defense and Army Members should attempt to resolve the remaining differences of view regarding the action on Japanese reparations in NSC 13/1, "Recommendations with Respect to U.S. Policy Toward Japan", and to present an agreed draft for consideration by the Council.

I wish to report that the Department of State has informed the Department of the Army, following consultations between representatives of the two Departments that it is willing to accept the Army

<sup>4</sup> See memorandum of October 1, p. 1030.

amendments to paragraph 20 of NSC 13/1, with minor modifications understood to be agreeable to the Army, in order that a definite reparations policy may be decided upon and implemented without further delay. The amendments were accepted with greatest reluctance because of the anticipated unfortunate consequences of the revised policies on our foreign relations. It is understood, however, that the Army Department now wishes to postpone final action on the Japanese reparations problem until it has been possible to consult Congressional leaders in the matter after the elections. It is the view of the Department of State that the present State-Army proposal amply protects our domestic, even if not our foreign, interests, and should be implemented at this time as an executive responsibility. The Department of State is nevertheless willing, having thus clarified its position to the Council, to defer action until the consultations desired by the Army have been held, urging that they be held with the minimum possible additional delay.

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694.0031/10-2948 : Telegram

*The Acting Secretary of State to the Embassy in the United Kingdom*

SECRET      US URGENT      WASHINGTON, October 29, 1948—6 p. m.

4137. Douglas<sup>1</sup> from Nitze: Instructions for USDel participating in mfn conference London beginning Nov 1, with UK and Brit Dominions as follows.

USDel should not consider itself authorized reach any final agreement, without further instruction, regarding terms under which countries participating in this conference are willing commit themselves in providing mfn treatment for Japan. Purpose this conference is to invite full and frank discussion by UK and Dominions regarding reasons they have opposed previous U.S. efforts persuade them to accord Japan mfn treatment. In event UK and Brit Dominions delegations express dissatisfaction over their ignorance of SCAP and U.S. Govt planning for Japanese trade expansion, USDel should, within limits of feasibility, attempt assuage dissatisfaction by providing as full data on trade plans as available. If questions raised re U.S. economic plans and intentions in Japan, USDel should request such questions be formulated precisely as possible so such answers as can be provided at once be given and such answers as require further consideration within U.S. Govt be handled at later time. USDel should point out jurisdiction of FEC is confined to formulation policies appropriate to their responsibilities in occupation of Japan, and that U.S. Govt respects that jurisdiction. Therefore, matters which may be regarded

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<sup>1</sup> Lewis W. Douglas, Ambassador in the United Kingdom.

as being strictly occupation policy problems (not administrative) will not be appropriate for discussion at this conference. However, to extent UK and Brit Dominions reps desire discuss relationship of conduct of economic aspects of occupation as whole to problem of their granting Japan mfn treatment in trade, USDel, with no commitments on its part, should invite fullest possible discussion this problem.

USDel should participate actively in drafting specific provisions for dealing with mfn treatment of Jap trade, including such safeguarding provisions as may be strictly necessary to meet objections, so long as it is made clear such drafts cannot be finally approved at conference itself.

U.S. head of delegation should act as its chairman and procedures of conference should be determined by USDel in consultation with other representatives participating.

Proceedings of conference should be kept secret, with view to eliciting most frank and constructive expression of views, and should be as informal as possible.

LOVETT

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694.0031/11-848 : Telegram

*General of the Army Douglas MacArthur to the Secretary of State*<sup>1</sup>

CONFIDENTIAL

PRIORITY

TOKYO, November 8, 1948.

CX 65218. Subject is sterling area trade arrangement. This radio in two parts.

Part 1. Present tentative scheduled date for finalization of sterling area trade arrangement negotiated during Sterling Area Trade Conference July–August 1948<sup>2</sup> is set for 1000 hours, Tokyo time, 9 November 1948. Trade arrangement will be signed by 5 sterling area representatives on behalf of the following: United Kingdom and Colonies, Australia, India, New Zealand and South Africa. Draft copies of trade arrangement were forwarded to Departments of Army, State and Commerce on conclusion of trade conference.

Part 2. Joint SCAP–UK press release now in course of clearance at capitals of sterling area governments concerned is scheduled for simultaneous release in Tokyo, London, Canberra, Delhi, Wellington and Pretoria. Draft press release follows: “sterling area trade arrangement.”

The representatives of the Supreme Commander for the Allied Powers acting in respect of occupied Japan and the representatives of five British Commonwealth countries, today formally concluded an

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<sup>1</sup> Relayed the same day to London.

<sup>2</sup> See despatch 539, August 19, p. 995.



arrangement by which trade to the minimum value of sterling 55,000,000 will be done between these countries and occupied Japan from July 1, 1948 to June 30, 1949, representing an increase of Japan's trade with the whole "sterling area" of over three and one-half times. The British Commonwealth participants are Australia, India, New Zealand and South Africa, as well as the United Kingdom and its Colonies, except Hong Kong. This is the first time that such a large and representative part of the "sterling area", including four self-governing countries, have pooled their resources for the purpose of together forming one of the two parties to an arrangement of this kind. The arrangement, which embraces trade through both government and private channels, aims at maintaining an approximate balance of exports and imports by the two parties in order to avoid dollar expenditure on either side. More than half Japan's exports under the arrangement will consist of cotton textiles, while she will import a wide range of essential raw materials.

The arrangement provides that all trade between the two parties shall be conducted on a sterling basis in accordance with the terms and provisions of the over-all sterling payments arrangement which is in force between the Supreme Commander and the whole of the "sterling area", with the exception of Hong Kong, which, in view of its special position as an *entrepôt* continues to have its own payments and trading arrangements with Japan. The trade plan which forms the basis of the arrangement is not restrictive, but is intended to represent, in the light of the best information available to the two parties, the volume of trade which may be expected to flow between them during the period covered, and the character it is most likely to assume.

It is emphasized that the plan is not intended to constitute a commitment, binding on either party, but rather to represent a reasonable computation made in good faith of the volume of sales and purchases likely to result from the desire of the two parties to develop trade between them to the highest practicable level. Both parties undertake to facilitate in every way the sale and purchase of goods and services as specified in the plan.

The arrangement provides for frequent consultation between the parties; for the establishment, in common accord, of special machinery to ensure that accurate and up-to-date information shall be available in respect of the operation of the arrangement and to ensure the implementation of the trade plan generally; and for a general review not later than January 15, 1949, with a view to paving the way for a fresh plan in the next trading year. A further provision is that each party shall do everything feasible to ensure compliance with the export-import controls, exchange controls and such other controls that relate to international trade as may be in force and effect from time to time in the areas under the control of the other.

Great importance is attached by both parties to maintaining trade between occupied Japan and the "sterling area" as a whole in approximate balance in order to avoid any loss of dollars to either side. Under the terms of the over-all sterling payments arrangement, the supreme commander has the right to convert surplus sterling balances into dollars, although normally such conversion would not be required to the extent necessary to meet estimated near term commitments.

An obvious advantage of the trade arrangement is that within the scope of an estimated over-all balance, it affords greater elasticity for Japan's "sterling area" trade, in that it is a multilateral arrangement between occupied Japan on the one hand, and on the other the United Kingdom and the whole Colonial Empire with the exception of Hong Kong, and four other British Commonwealth countries, all of which are important suppliers of Japan's needs in raw materials, as well as traditional markets for her products. Furthermore, the existence of a plan to work toward enables the supreme commander acting in respect of occupied Japan to map out trade and production programmes with a far greater degree of confidence and accuracy than would otherwise be the case. From the point of view of the "sterling area" participants, advantage similarly lies in the fact that, although in framing the plan, "hard currency" considerations have had to be applied, within the scope of the plan, these considerations are no longer paramount and, other things being equal, licensing of imports can proceed smoothly within the prescribed limits.

It is part of the understanding between the parties, that the undertaking into which each has entered in making the trade arrangement to expend on imports from the other party the full amount of the proceeds from exports to that party, in no way binds either to import from the other goods of a less essential nature than those included in the plan.

The arrangement leaves the way open for other countries in the "sterling area" to accede, subject to the approval of both parties. Alternatively, it is open to individual "sterling area" countries to negotiate bilateral arrangements with occupied Japan, as in the case of the dominion of Pakistan. Meanwhile, of course, sterling trade can continue between occupied Japan and other countries in the "sterling area" (e.g. Burma, Ceylon, Iraq) under the provisions of the over-all sterling payments arrangement on a case-by-case basis, and although the trade plan makes no attempt to estimate the gross volume of trade likely to flow between those other countries and occupied Japan outside its scope, a small "reserve pool" of purchasing power is set aside, if necessary, can be drawn upon to cover the net requirements of the other "sterling area" countries.

The main goods to be exported by occupied Japan under the arrangement are cotton textiles, which account for a minimum of over sterling 16,000,000 of the total minimum estimated Japanese sales of some sterling 27 and one-half million; industrial machinery and parts; raw silk; rolling stock; caustic soda and other chemicals; rayon, wool and silk manufactures; paper and paper products and bunker coal. The "sterling area" participants will furnish a wide range of raw materials and other goods and services to an approximate value of sterling 23,000,000, including raw wool; iron ore; salt; raw cotton; cereals; petroleum; rubber; tin; jute; oil seeds; wool waste; coal; hides and skins; manganese; gums; resins and shipping. The balance of approximately sterling four and one-half million will be offset against a balance of goods already delivered to occupied Japan during the previous period on open account under governmental trading arrangements.

The negotiations for the trade arrangement were carried on in Tokyo during July and the first part of August between representa-



tives of the Supreme Commander for the Allied Powers and of the participating British Commonwealth countries in an atmosphere of cordial good-will and frankness. The increase in the utilizability of sterling over a substantial proportion of occupied Japan's foreign trade which should ensue from the successful implementation of this arrangement and of its expected extension over succeeding years should go far towards increasing the volume of trade between the "sterling area" and occupied Japan. Its successful conclusion marks a big step forward in the reopening and development of trade between occupied Japan and the "sterling area" and should make a valuable contribution not only towards the stabilizing of the Japanese economy, but also towards the prosperity and well being of the whole Far Eastern and South Eastern Asian areas.

[MACARTHUR]

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740.00119 PW/11-1048

*Memorandum of Conversation, by the Assistant Secretary of State  
for Occupied Areas (Saltzman)*

TOP SECRET

[WASHINGTON,] November 10, 1948.

This afternoon Mr. Draper, Mr. Norton<sup>1</sup> and I appeared, at our request, before the Maritime Commission. The following individuals of the Maritime Commission were present: Commissioners Smith, McKeough and Carson; Mr. Williams, the Secretary, Mr. Morse, Special Assistant to the Commissioners; Mr. MacDonald and Mr. McCandless.

The purpose of our appearance was to describe to the Commission the development of this Government's position with respect to Japanese reparations, with special reference to Japanese ship-building capacity. I explained that in addressing itself to the problem of how much industrial capacity should be removed from Japan as reparations, the Departments of State and Army have adhered to the principle that this Government should not agree to the removal of an amount of industrial capacity which would obstruct the recovery of Japanese economy as soon as practicable to a point where a reasonable degree of self support will be achieved. I pointed out that there are two very important reasons why such a degree of self support must be realized as soon as possible: (1) Without such self support Japan cannot survive as an independent democratic nation and will fall prey to communism or some form of totalitarian government with resultant trouble for the United States and other nations of the world; and (2) self support must be gained as soon as possible in order that the present huge expense of the United States, now in order of a total of approximately one billion dollars a year may be reduced and eliminated. These

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<sup>1</sup>Garrison Norton, Assistant Secretary of State for Transport and Communications.



principles apply to our policy in regard to the removal for reparations of Japanese ship building capacity and it is our view that not more than approximately 300,000 tons of annual ship building capacity out of the present total of approximately 800,000 tons should be permitted to be removed from Japan, lest the effect of further removals impede the necessary Japanese economic recovery as described above. I pointed out that this policy has to do only with the amount of such capacity which may be removed as reparations and does not deal with any specific total amount of Japanese shipping which may be developed in future. I also explained that in considering this problem the security aspects had not been overlooked but that it is believed that in view of the total disarmament and demilitarization of Japan and the prohibition of army, navy and air force, the mere existence of a merchant fleet would not present a security hazard to this country.

In the discussion which followed, the Commissioners brought out the fact that any extensive construction of large or fast ships by the Japanese would present undesirable competition from the standpoint of American shipping and ship building interests, particularly in view of the anticipated surplus of world shipping. It was suggested by representatives of the Commission that perhaps this point might be considerably mitigated if during a period of the next few years a limitation should be put on the size and speed of ships to be constructed by the Japanese. It appeared to be the sense of the Commission that this problem of size and speed was a more serious one from the standpoint of American shipping than the total quantity of ship building capacity which might be permitted to remain in Japan.

Mr. Draper offered to obtain from General MacArthur specific figures with respect to present Japanese shipping and rate of shipping construction and to invite General MacArthur's comments on the suggestion which had been advanced that limitations be placed on the size and speed of ships to be constructed.

CHARLES E. SALTZMAN

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894.602/11-1548

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

RESTRICTED

No. 729

Tokyo, November 15, 1948.

[Received November 19.]

SIR: I have the honor to forward <sup>1</sup> a copy of Scapin 408/2 of November 6, 1948, entitled "Regulations Affecting Restricted Concerns", as well as a copy of a SCAP press release of November 9, 1948, headlined "Activity of 1000 Restricted Concerns to be Increased", and in that connection to refer to this Mission's despatch No. 711 of No-

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<sup>1</sup> Enclosures not printed.

vember 5, 1948,<sup>2</sup> which reported that a relaxation of restrictions was in prospect.

The action announced by SCAP requires the Japanese government to repeal Article 2 of Imperial Ordinance No. 657 of 1945, which article required companies designated by the Ministry of Finance to receive the permission of that Ministry before taking any action beyond the normal course of business. The companies in question, 10 per cent or more of whose stock was owned by holding companies to be liquidated under Imperial Ordinance No. 233 of 1946, were designated on the basis of subsequent SCAP directives.

It will be noted that the present Scapin does not free the concerns from restrictions arising under other parts of Ordinance 657, or under other laws and ordinances. Thus Article 1 of Ordinance 657 still requires the designated concern to receive the permission of the Minister of Finance before dissolution or transfer of business. The SCAP press release further notes that Imperial Ordinance No. 567 of 1946, which provided for the divestiture of securities by companies designated under Ordinance No. 657; Imperial Ordinance No. 233 of 1946, which set up the Holding Company Liquidation Commission and provided for the dissolution of holding companies; and Law No. 207 of 1947, which provided for the elimination of excessive concentrations of economic power, are to remain unchanged in their effect on restricted concerns.

Ordinance No. 567, however, is to be amended to make clear its application to successor companies. This provision of the Scapin, which does not apply specifically to the 1000 restricted concerns, has been made necessary by attempts of Japanese companies to evade the provisions of Ordinance 567 through such devices as change of name. Banks and insurance companies have been particularly frequent offenders.

A final provision of Scapin 408/2 requires the repeal of Law No. 3 of 1944, "Law Concerning Temporary Measures of Companies", which law granted extraordinary powers to company executives at the expense of stockholders.

Respectfully yours,

W. J. SEBALD

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<sup>2</sup> Not printed.

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740.00119 PW/11-1648

*Memorandum by the Chief of the Division of Northeast Asian Affairs (Bishop) to the Director of the Office of Far Eastern Affairs (Butterworth)*

SECRET

[WASHINGTON,] November 16, 1948.

In your attached memorandum of November 4 you raise the question of whether the rapid deterioration of the military situation in China

might not necessitate revision of our reparations proposals, and, if so, what specific changes should be made.<sup>1</sup>

It would seem that the answer to the first question must be sought primarily in two other questions, namely: (A) Is it important from the point of view of our China policies that Japanese reparations facilities allocated to China under our present proposals not fall into Communist hands?; and (B) Is there serious danger that this may happen if we proceed on the basis of our present proposals?

Question "A" involves the whole problem of this Government's future policies toward a Communist-dominated government in China, a problem on which a number of other questions affecting Japan beside reparations (for example, Chinese representation on the FEC) will depend. The conclusions of NSC 34, "U.S. Policy Toward China",<sup>2</sup> providing that we should make our decision regarding recognition of a new Chinese Government "in the light of the circumstances at the time", indicate that this major policy issue has not yet been decided, and probably will not be decided until after such a government has been formed. Although question "A" cannot, therefore, now be answered, our clear course until this issue has been decided is to avoid entering into any agreement with China which might obligate us to turn over reparations facilities allocated to that country after it had become apparent that those facilities might fall into Communist hands.

There seems to be little possibility, turning to question "B", that we could find ourselves so obligated under our present reparations proposals. If the National Government disappears and we do not recognize a new government, any reparations agreement previously concluded with the National Government will of course no longer be binding on us or on SCAP, and deliveries can be stopped. If the present National Government is reorganized as a coalition government under Communist domination but we continue our recognition of it, or if the National Government is replaced by a new government which we decide to recognize and whose representative we agree to seat in the FEC, it may be presumed that we will not be unwilling for the reconstituted National Government or the new government to receive the reparations allocated to China, if it can transport them in the limited period allowed. Should there be doubt in our minds whether reparations should be delivered to the reconstituted or the new government that factor may be expected to enter into the decision whether we should recognize it or not. The only possibility which need be a cause for concern, therefore, is that reparations facilities turned over to the National Government before the military and political

<sup>1</sup> Memorandum not printed.

<sup>2</sup> PPS/39, September 7, subsequently sent to the National Security Council; vol. VIII, p. 146.



situation stabilizes may be put down in territory from which the Nationalists are later ejected by the Communists and thus fall into their hands.

The chances of this occurring do not seem great, however. It will be recalled that the claimant governments must under our proposals transport reparations facilities from dockside in Japan to the point of destination in their own vessels and at their own expense. It seems unlikely in the straightened [*straitened*] circumstances in which the National Government will find itself when deliveries begin, if it is still in existence at that time, that it will allocate its limited shipping facilities to transport reparations to China which it would be in danger of losing to the Communists and having used against it. Such a possibility is rendered even more remote by the fact that the bulk of the reparations equipment can for the present be put to effective use only in North China and the Yangtse Valley, which it appears will soon be completely lost to the National Government.

At the same time it must be recognized that a possibility of part or all of the facilities falling into Communist hands does exist in certain circumstances. If, for example, the National Government, deciding to continue the fight from the South, brings in reparations facilities to aid it in that fight but is later overrun, the facilities will come into the possession of the Communists. The answer to question "B" would therefore seem to be that although the danger of Japanese reparations ending up in Communist hands under our present proposals are not great, it does exist.

In considering how our proposals might be altered to reduce or remove this danger, it will be recalled that the advance transfer directive of April 4, 1947, provided that reparations assets "should be delivered to a recipient country only after it has supplied evidence acceptable to the Supreme Commander for the Allied Powers . . .<sup>3</sup> that the immediate and useful employment of such assets is practicable". The State Department's reparations proposals sent SCAP by the NSC for comment last June contained a similar provision, but SCAP rejected it on the grounds that he had "no way of investigating or verifying such evidence", and that there was "no limit to the amount and kind of such evidence that could be submitted". The provision was accordingly omitted from our present proposals. There would seem to be no valid reason, however, why a similar provision, empowering SCAP to withhold delivery of allocated facilities to any nation which in his judgment no longer possesses the capacity to make effective use of them, should not be reinserted in our proposals, it being made clear to SCAP that he would be expected to exercise this power only to

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<sup>3</sup> Omission as indicated in the original.

meet the danger here considered and on the advice of this Government. Such a provision might read as follows:

"SCAP shall be empowered to withhold delivery of reparations facilities allocated to a claimant country when in his opinion conditions within that country would prevent immediate and effective use of the facilities."

A provision which involves obvious objections but which is more specifically adapted to the purpose at hand might read:

"SCAP shall be empowered to withhold delivery of reparations facilities allocated to a claimant country when in his opinion those facilities might, if delivered, fall into hands other than those of the government of that country party to the reparations agreement."

The principal advantage of the latter proposal is that it would have greater appeal for Congressional leaders and would facilitate their approval of our proposals. The disadvantage is that it would occasion resentment on the part of the National Government and other claimant governments, and, if invoked, would be a slap at a Communist-dominated government which we might later have cause to regret if we decided to recognize that government. I would therefore recommend insertion of the first of the above two drafts in our reparations proposals, with the possibility of substituting the second during the conversations with Congressional leaders if this appears advisable.

Should it be necessary before a final reparations agreement is signed, or under the above draft provision after it has been signed, to exclude China from the list of reparations recipients, it will of course be necessary to decide whether China's share should be held for it to collect later in the 18 months delivery period, if that seems feasible, or to allocate part or all of it on a *pro-rata* basis to the other claimants.

We shall keep this question under constant review and will coordinate with CA as our policies toward developing conditions in China unfold.

This whole problem is further evidence, if any were needed, of the desirability of a "Pacific Policy" such as you have suggested.

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560.AL/12-148

*The Acting Political Adviser in Japan (Sebald) to the Secretary of State*

CONFIDENTIAL  
No. 757

TOKYO, December 1, 1948.  
[Received December 14.]

SIR: I have the honor to enclose a copy of a memorandum, less attached summary, submitted to me by FSO David M. Bane of this

Mission expressing his views on the above subject.<sup>1</sup> A copy of this memorandum has been delivered to Mr. Peter McDermott, Director of Foreign Trade, Economic and Scientific Section, who will, as head of the SCAP delegation to the London Conference, submit a formal report to the Supreme Commander upon his return from Washington. It is believed that the recommendations contained in the final paragraph of the enclosed memorandum suggest a possible line for this Headquarters to follow in preparing for further negotiations concerning the extension of most favored nation treatment to Japan.

As is indicated in the enclosure, a major factor in obtaining agreement to the United States proposal will be the early establishment of a single general exchange rate for Japan. In so far as this Mission can determine, individuals in this Headquarters who are concerned with a solution of that problem do not favor the establishment of such a rate either at this time or in the near future. In the event that this Headquarters should be asked to express its views regarding the establishment of an exchange rate within the next two to four months, it is our opinion that its reaction will be that factors which would permit the favorable establishment of such a rate do not exist as yet. On the other hand, it is our belief that if the establishment of a rate is postponed until such time as all agree that ideal conditions exist, it may well be considered to be postponed indefinitely. As a consequence, we feel that if the establishment of an exchange rate within the near future is considered to be desirable, and we believe that it is, the initiative will necessarily have to be taken in Washington.

Respectfully yours,

W. J. SEBALD

[Enclosure]

*Memorandum by Mr. David M. Bane, of the United States Mission in Japan, to the Acting Political Adviser in Japan (Sebald)*

CONFIDENTIAL

There is enclosed a copy of the agreed summary of discussions held at London on November 1, 2, 3 and 4, 1948, between officials of the British Commonwealth and the United States (headed by Mr. Howard Petersen, former Assistant Secretary of War) regarding the extension of most favored nation treatment to Japan's foreign trade during the remaining period of the Occupation. SCAP representatives participated in the discussions held on November 3 and 4.

As is indicated in the enclosed summary, the discussions were informal and exploratory, no agreement being reached in the premises,

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<sup>1</sup> "London Conference Concerning the Extension of Most Favored Nation Treatment to Japan."



it being assumed that further consultations in this regard would be held through normal diplomatic channels prior to the next General Agreement on Tariffs and Trade meeting to be held at Geneva in April, 1949. At that time, the United States presumably will endeavor to obtain agreement to the extension of most favored nation treatment to Japan by the signatories to the General Agreement.

In summary, although the Commonwealth representatives were sympathetic listeners to the U.S. proposal, they appeared, for the most part, to be unconvinced as to the necessity of, or the value of such action at this time. They failed to see what measurable economic advantages would accrue to Japan by entering into such an agreement. The United Kingdom, Australian and New Zealand representatives, in particular, expressed the opinion that the extension of most favored nation treatment to Japan for the balance of the Occupation was of academic importance only, and although such action might give the United States certain psychological advantages, insofar as they could determine, it would have no appreciable effect upon the volume of Japan's foreign trade. They emphasized that it was their desire to develop their trade with Japan to the maximum level feasible and that they had demonstrated their willingness to do so by entering into the sterling area trade arrangement. On the other hand, they stated that they anticipated considerable political opposition from their respective governments to their participation in any such multilateral agreement, and as a consequence, were hesitant to do so in the absence of any tangible showing by the United States as to how and to what extent Japan would profit in fact by most favored nation treatment.

Additionally, the Commonwealth representatives indicated that they would be most reluctant to consider the extension of most favored nation treatment to Japan until they knew a great deal more about the internal economic situation in Japan, particularly the price and cost structure, and had received definite assurances regarding the future pattern and conduct of Japan's foreign trade. (For example, they felt that the SCAP might have to force exports, even to the extent of dumping, in order to meet Japan's balance of payments requirements.) Without such assurances, they stated, it would be practically impossible to overcome the political opposition which would be predicated in large part upon fear of Japanese competition in international trade.

In this connection, most of the Commonwealth representatives were of the opinion that the establishment of a single exchange rate for Japan might well be considered by their governments as an essential prerequisite to the extension of most favored nation treatment to

Japan. Without an exchange rate, they felt that it would be impossible to determine accurately the probable impact of Japan's foreign trade upon their own, or to apply effectively affirmative measures for their protection such as countervailing or anti-dumping duties. The establishment of an exchange rate they thought would help bring the Japanese price and cost structure in line with that of other countries. Pending the establishment of such a rate and the receipt of definite assurances from the United States regarding Japanese trade policies and procedures, most felt that they would prefer to conduct their trade with Japan within a bilateral framework.

It might be mentioned in this regard that the conference afforded the Commonwealth countries an excellent opportunity to bring pressure to bear for the early establishment of a single general exchange rate for Japan. Of interest was the view expressed by the United Kingdom, Australian, and New Zealand representatives to the effect that the establishment of an exchange rate was a far more important factor in the reestablishment of normal trading relations with Japan, in their opinion, than the extension of most favored nation treatment, and they expressed the hope that it, too, would be given immediate high level consideration.

The United States delegation took the general position that refusal to extend most favored nation treatment to Japan, in view of U.S. financial obligations involved, was, in effect, a refusal by the Commonwealth countries to extend most favored nation treatment to the United States. Although the delegation admitted that it was not in a position to indicate or estimate the immediate effect of such action upon the volume or course of Japan's foreign trade, it did feel that it would permit the maximum potential revival of foreign trade during the Occupation. If granted, it would remove the threat of possible future arbitrary discrimination and would permit the planned development of Japanese export industries and the projection of exports and imports in reliance upon the assurance that Japan's trade would not be discriminated against for arbitrary reasons. Furthermore, if the Commonwealth countries were to agree to extend most favored nation treatment, certain psychological advantages would accrue to the United States. It would lend support to United States efforts to obtain funds to carry on Occupation activities as well as assist in overcoming political opposition in other countries to trading with Japan.

The United States delegation further pointed out that it did not consider the extension of most favored nation treatment to Japan as a substitute for such bilateral undertakings as the sterling area trade arrangement, but rather a supplement thereto. It is recognized that balance of payments difficulties necessitated resort to bilateral trading

arrangements at present; however, the delegation emphasized that it did not wish to lose sight of the overall objective of the expansion of international trade along multilateral lines. With respect to the exchange rate, the view was expressed that active consideration was being given to this matter and it was hoped to establish such a rate at the earliest practicable time.

In evaluating the results of the conference it would appear that all of the Commonwealth countries represented might well consider the establishment of a single general exchange rate as an essential prerequisite to the grant of most favored nation treatment to Japan. All desired more information concerning SCAP policies and procedures with respect to industrial production, labor, and foreign trade and indicated that they would like definite assurances in this regard. With the possible exception of Canada, the Commonwealth representatives could see little practical advantage to Japan if they did agree to extend most favored nation treatment, particularly those countries participating in the sterling area trade arrangement. In fact, the sterling area trade arrangement participants indicated that they would prefer, for the remainder of the Occupation, to conduct their trade with Japan within the framework of bilateral agreements. Canada, not a participant in the sterling arrangement and being a source of supply for Japanese raw materials, might, it is believed, give sympathetic consideration to the proposition, as would India, Pakistan and Ceylon. On the other hand, it is not believed that the United Kingdom, motivated largely by economic pressures predicated upon a genuine fear of Japanese competition, will agree to the extension of most favored nation treatment to Japan during the Occupation unless it receives assurances from the United States to the effect that Japan will not be permitted to become a serious competitor in the field of international trade (tantamount to what might be termed a "cartel arrangement"). In this regard, the head of the United States delegation made it clear that the United States, as the executive authority for the Occupation, could give no assurances other than that Japan's foreign trade would be conducted in accordance with established policies and, insofar as it was possible to do so, in accordance with the principles of the Charter for an International Trade Organization.

It is also extremely doubtful if Australia or New Zealand will agree to the extension of most favored nation treatment to Japan in view of anticipated political opposition to such a move in their respective countries. Although their trade relationships with Japan appear to be largely complementary, politically, they feel that it will be almost impossible to obtain agreement to such a proposal unless an adequate *quid pro quo*, in terms of an exchange rate and trade assurances, is



received. South Africa and Southern Rhodesia largely subscribe to this same view.

In conclusion, it is believed that the conference was of great value in providing a forum for the exchange of views and in preparing the way for the possible negotiation of a multilateral agreement for the extension of most favored nation treatment to Japan at the next General Agreement on Tariffs and Trade meeting. It is further believed that it was of value to include SCAP representation at London. This Headquarters now has a first-hand report of its own position and what must be done to obtain agreement in the premises. Since the successful conclusion of such an agreement will depend in large measure upon the ability of the SCAP to present an effective case, it is considered of utmost importance that the matter now be brought to the immediate attention of this Headquarters by its own representatives who attended the London Conference. Additionally, the SCAP delegation, headed by Mr. Peter McDermott, was in a position to furnish information concerning, as well as clarify misconceptions regarding, trade policies and practices in Japan.

It is my recommendation that a SCAP representative or representatives should attend the next General Agreement on Tariffs and Trade meeting at Geneva. In any event, between now and April, 1949, a study should be made by this Headquarters with a view to evaluating the economic advantages which might accrue to Japan, other than psychological or potential, if the Commonwealth countries, as well as the other signatories to the General Agreement, were to accord most favored nation treatment to Japan. Further, if it is decided that it is not possible to establish a single exchange rate prior to the Geneva meeting (it is believed that every effort should be made to establish a rate), it is recommended that the United States delegation should be fully informed of the circumstances which militate against the establishment of a rate. Additionally, the United States delegation should be prepared to discuss in detail the economic situation in Japan, submit trade projections adjusted as of that date, and be in a position to give assurances, with such reservations as may be considered appropriate, regarding trade policies and procedures to be followed during the remainder of the Occupation.

DAVID M. BANE

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894.044/12-348

*The Assistant Secretary of State for Occupied Areas (Saltzman) to  
the Under Secretary of the Army (Draper)*

CONFIDENTIAL

WASHINGTON, December 3, 1948.

DEAR BILL: As you know, it is our hope that a statement will be made as soon as possible by the United States Representative on the

Far Eastern Commission clarifying the position of the United States with respect to FEC-230. This statement will almost inevitably lead to a certain amount of discussion regarding the deconcentration program in Japan, in the course of which information will probably be requested regarding the role of the Deconcentration Review Board in the deconcentration program. Although General MacArthur's telegram No. C-65098 of November 3 provides considerable material on this point, it omits one piece of information which, as I have pointed out previously, we lack in Washington and which is very likely to be requested, namely, the precise terms of reference of the DRB. I believe it would be a source of considerable embarrassment to General McCoy and to this Government if we were forced to admit in the FEC or before a Congressional committee that we did not know what this body's terms of reference are. Consequently, it seems essential that we learn whether the terms of reference of the Board remain precisely as stated in General MacArthur's telegram (CM-IN 59642) of January 26, in which he recommended that the Board be set up, or whether they have been altered in certain respects, as has been reported, and if so, what those alterations are. It is therefore requested that you obtain this information for the State Department.

There is one other respect in which information available in Washington regarding the Board's activities is believed insufficient. Although it is stated in General MacArthur's above-cited telegram of November 3 that the Board has submitted recommendations on a half dozen or more cases which were the subject of orders by the Holding Company Liquidation Commission, I believe that there is not enough information regarding the situations with which the HCLC and DRB were dealing in these cases for us in Washington adequately to understand the significance of their respective actions. It would seem necessary if businessmen in Japan and abroad are to obtain a reasonably clear idea of the bearing of the deconcentration law upon their enterprises, that they should have a reasonable indication of what types of enterprises will be affected by the Deconcentration Law and what types of dissolution plans are considered appropriate or inappropriate by the Board, and the reasoning relating to the Board's recommendations on each case. You may recall in this connection the complaint registered last July by Mr. Herrod of the International General Electric Corporation regarding the present uncertainty on the part of American businessmen in Japan as to the effect of the Deconcentration Law on their enterprises.

It is requested that you obtain for the State Department the essential information as to the background of the action taken by the HCLC and DRB in these and subsequent cases so that we may know the manner in which the deconcentration policy and law are being administered. It is suggested, for example, that this information should

be obtainable from an examination of the dissolution plans and DRB rulings relative to each deconcentration case.

Sincerely yours,

CHARLES E. SALTZMAN

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740.00119 FEAC/12-948

*Statement by the United States Representative on the Far Eastern Commission (McCoy) on December 9<sup>1</sup>*

### EXCESSIVE CONCENTRATION OF ECONOMIC POWER IN JAPAN

#### UNITED STATES STATEMENT ON FEC-230

Some months ago, my Government suspended its participation in discussions in the Far Eastern Commission of a United States policy proposal which was then under active consideration in the Commission. This proposal, designated as FEC-230, presented an extremely detailed plan for the implementation of a general policy which already had been stated in existing directives to the Supreme Commander. That policy, which called for the dissolution of certain Japanese combines and a widening in the distribution of the income and ownership of Japanese industry was then and continues to be, in the view of my Government, a fundamental objective of the Occupation.

The action of the United States in suspending consideration of its proposal, however, has led to certain questions among the members of this Commission and among the Japanese people. The purpose of this statement is to clarify the position of the United States with respect to FEC-230.

Since the very first weeks of the Occupation, the Supreme Commander has devoted a considerable part of the time and resources of his staff to the problem of reorganizing the financial and industrial institutions of Japan. This program which has been based upon the Post-Surrender Directive issued December 6, 1945 and on the Far Eastern Commission's own Basic Post-Surrender Policy for Japan, was designed to make possible the early development of democratic and peacefully-inclined economic institutions in Japan. To bring about that result, plans were immediately developed and put into effect to dissolve the control of Japanese finance and industry which rested in the hands of a few powerful Japanese families.

As a part of this program, the Supreme Commander directed the Japanese Government to adopt various laws and to create certain governmental bodies charged with the responsibility of undertaking a major reorganization of the ownership and control of Japanese

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<sup>1</sup> Submitted at the 131st meeting of the FEC and circulated as FEC-230/3 for consideration; the statement was then released to the press.



industry. In the brief span of three years substantial progress has been made by these bodies. The assets of the 56 persons who comprised the heads of the 10 major zaibatsu families and the assets of the 83 holding companies controlled by these persons have been acquired by the Government and are in process of being sold to the Japanese public. A much larger number of companies have been compelled to divest themselves of holdings in and control over smaller enterprises. Such control was exercised through intercorporate stockholdings, interlocking directorates and similar devices. Contractual arrangements to which these Japanese enterprises were parties which had the effect of placing the control of production or trade in the hands of such enterprises have been declared void. The innumerable Control Associations through which Japanese enterprises exercised their collective authority are being liquidated. Action is being taken and is well advanced toward reorganization of former savings banks, trust companies and governmental banking institutions, making possible the emergence of a significant number of new commercial banks, to compete with and supplement the few large banking combines which formerly dominated Japanese credit sources. Finally, some scores of Japanese companies whose present state may constitute a threat to competitive enterprise are being scrutinized, one by one. Where necessary, these combines will be subjected to such reorganization as may be required to remove the existing threat.

To insure that the dispersion of economic control which is developing from these measures will not likely be reversed in the years to come, substantial revisions have been effected in the basic economic legislation of Japan. To begin with, an Antitrust Law has been adopted and a Fair Trade Commission set up to enforce the Law. In general, the Law seeks to restrain the development of new combines, excessively large or powerful, by outlawing agreements which restrain production or trade, by placing limitations upon intercorporate stockholdings, interlocking directorates, and similar devices for the concentration of corporate control, and by setting up procedures and penalties for the enforcement of these provisions. Other legislation now requires Japanese corporations to make considerably more information available to their stockholders and the public than heretofore has been the case and generally requires the management of corporations to adhere to much higher standards of public responsibility in the managements of their enterprise.

Moreover, many existing laws which tended to centralize the control of Japanese industry within a small group have been abrogated outright. Others have been modified drastically. The Fair Trade Commission and other Government agencies are analyzing still other Japa-

nese laws to eliminate provisions which confer special privilege or tend to restrain or eliminate competition. Various laws relating to the conduct of Japanese banking have been placed under particularly careful scrutiny. One of the principal objectives of the revision of Japanese banking laws is to create a climate in which the undesirable prewar concentration of Japanese credit in a few hands could not recur.

In all this, the Japanese Government has demonstrated a commendable ability to comprehend Allied objectives and has cooperatively fulfilled its obligations. The Japanese Fair Trade Commission has prosecuted a significant series of cases against Japanese businessmen who were violating one provision or another of the statutes which seek to prevent new concentrations of Japanese industry. The Japanese Holding Company Liquidation Commission has made a careful study of the structure of the larger Japanese combines and, in close cooperation with the Supreme Commander, is currently developing plans for such reorganization of these combines as may be needed.

As the occupation and the economic situation have developed, there has been a corresponding evolution in the deconcentration program. For example, it has proved possible and desirable to dissolve most of the wartime control associations. As new sources of credit have been created through the conversion of other financial institutions to commercial banks, it has been possible to reconsider the need for the actual dissolution, once believed necessary, of Japan's biggest banks which under earlier circumstances had dominated the credit structures of Japan. With the daily growth of indication that the Japanese propose to enforce their fair trade laws vigorously and effectively, it has been possible to reconsider the standards to be used in the dissolution of some of the combines still existing. These changes in emphasis have been responsive to changing circumstances and have represented relatively minor alterations in a program which basically remains unchanged. That program, adhering to the broad purposes of the directive of the Far Eastern Commission, seeks to achieve in Japan an economic climate conducive to the development of a democratic society. It seeks to prevent the resurgence of economic power in the hands of a few who recognize no responsibility to the Japanese people or the world at large.

When the United States suspended its participation in the discussion of FEC-230 in the Far Eastern Commission, that decision was based upon the growing realization that the guidance for the Supreme Commander and the Japanese envisaged therein had largely been overtaken by events. The major points of procedure set out in that document already had been implemented in Japan. Other details believed necessary to the accomplishing of the major objectives either had been

faithfully adopted or had become unnecessary or inappropriate. Useful as the paper might have been at an earlier stage of the Occupation, that usefulness no longer appeared to exist.

That the paper has become outmoded in so brief a period is a singular tribute to SCAP and the Japanese Government. Procedures which it was thought would take years to carry out in many cases have been accomplished in a matter of months. Major technical obstacles have been overcome and the demonstrated determination of the Supreme Commander to carry the program through has elicited a gratifying degree of cooperation from the Japanese themselves. Accordingly, upon a careful re-survey of the deconcentration program now well advanced in Japan, the United States now believes that, as a practical matter, there is no need to lay down policies for the guidance of the Supreme Commander with respect to any remaining significant aspect of the program. Indeed, to do so in the outmoded terms in which FEC-230 is cast might well do more harm to the program than good. Hence, the United States has withdrawn its support of FEC-230 as a proposal upon which the Far Eastern Commission could act with benefit to the Occupation.

This does not mean that the deconcentration program has been completed. Considerable amounts of securities still remain in the hands of the Government and must be disposed of. Ingenuity and vigor must be brought to this task. Existing banking legislation will undoubtedly be elaborated and refined in consonance with the objectives of this program. Those remaining Japanese combines whose existence may constitute a threat to competitive enterprise will, where necessary, be reorganized as required to remove such threat. But these programs no longer call for the development of policy. They call largely for a practical application of judgment, energy and enterprise in implementing a program whose philosophy and objectives are clearly understood by the Supreme Commander and the Japanese Government, as they have already convincingly demonstrated.

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894.50/12-1048

*Statement of the United States Government*<sup>1</sup>

CONFIDENTIAL

#### ECONOMIC STABILIZATION IN JAPAN

The United States Government considers it a matter of urgency that the Supreme Commander for the Allied Powers require the Japa-

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<sup>1</sup> Sent to General McCoy on December 10 for immediate presentation to the Far Eastern Commission as "the views of your Government".



nese Government immediately to put into effect a program of domestic economic stabilization, including measures leading to fiscal, monetary, price, and wage stability, and maximum production for export. The United States Government further believes that in this connection the Japanese Government should be required to adopt measures designed to:

- a.* Achieve a true balance in the consolidated budget at the earliest possible date by stringent curtailing of expenditures and maximum expansion in total governmental revenues, including such new revenue measures as may be necessary and appropriate.
- b.* Accelerate and strengthen the program of tax collection and insure prompt, widespread and vigorous criminal prosecution of tax evaders.
- c.* Assure rigorous limitation of credit extension to projects contributing to economic recovery of Japan.
- d.* Establish an effective program to achieve wage stability.
- e.* Strengthen and, if necessary, expand the coverage of existing price control programs.
- f.* Improve the operation of foreign trade controls. Tighten existing foreign exchange controls, to the extent that such measures can appropriately be delegated to Japanese agencies.
- g.* Improve the effectiveness of the present allocation and rationing system, particularly to the end of maximizing exports.
- h.* Increase production of all essential indigenous raw material and manufactured products.
- i.* Improve efficiency of the food collection program.

It is to be expected that the Japanese Government would develop these measures to meet a target date for the establishment of a single exchange rate not later than three months after the initiation of the stabilization program.

Conscious of its responsibilities under the terms of reference of the Far Eastern Commission and in view of the urgency of this matter, the United States Government intends to take appropriate action immediately.<sup>2</sup>

[WASHINGTON,] December 10, 1948.

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<sup>2</sup> In a letter of December 13, the Acting Secretary of the Army (Draper) reported to the Acting Secretary of State on the difficulties in carrying out this program and invited him to accompany the Secretary of the Army (Royall) and the President of the Detroit Bank, Joseph M. Dodge, on a mission to Japan "to appraise the problem on the spot". (894.50/12-1348) Mr. Lovett on December 14 telegraphed Mr. Dodge to urge him to accept President Truman's request to undertake responsibilities of this mission and promised the Department's "full support" in carrying out "a sound program of economic stabilization in Japan." (894.50/12-1448)

740.00119 Control (Japan)/12-1448

*Memorandum by the Chief of the Division of Northeast Asian Affairs  
(Bishop) to the Director of the Office of Far Eastern Affairs  
(Butterworth)*

CONFIDENTIAL

[WASHINGTON,] December 14, 1948.

The attached draft Part I, to be inserted at the beginning of the banking reform cable prepared by a State-Treasury-Federal Reserve working group, was approved yesterday afternoon at a meeting in my office of representatives of the concerned Divisions of the Department. Mr. Reid in Mr. Draper's office has been advised that the Department of State cannot concur in the proposed wire unless it is included. I feel that its inclusion is essential, primarily in view of our responsibility under paragraph 12, "Internal Political and Economic Changes" to ensure that SCAP does not "press upon the Japanese Government any further reform legislation". One of the basic principles behind the policies of NSC 13/2 may be lost if we now under the guise of measures for recovery continue the process of spoon-feeding the Japanese. I expect to prepare shortly a memorandum for you on this general question.

[Annex]

*Proposed Part I of Banking Reform Cable to SCAP*

CONFIDENTIAL

Part I—Pursuant paras 8, 12, and 15 of NSC 13/2 proposed course of action Japanese banking reform has been re-examined since despatch WAR 91507 and following conclusions reached.

In accordance pertinent provisions these paras, detailed instructions regarding banking reform may be issued by you to responsible Japanese authorities only insofar as such instructions, if the Japanese have failed to act of their own volition, are determined to be essential in interest economic recovery and effective use US rehabilitation aid.

Following comments had been prepared by interested Govt Departments here on technical aspects program discussed urads. If, as indicated urad C 65458, Japanese are anxious to receive advice and assistance, we believe following technical advice would be helpful; but in that event it should be made clear to Japanese Govt that these comments represent informal views technicians US Govt agencies for use solely in that light.

894.50/12-1448

*The Acting Secretary of the Army (Draper) to the Acting Secretary of State*

WASHINGTON, 14 December 1948.

DEAR MR. SECRETARY: The program of SCAP for a self-supporting Japanese economy, of which a proposed appropriation this year of \$165 million is an essential component, is based according to General MacArthur on the following seven assumptions:

- (1) There will be an integrated and expanding program of American aid for Asia,
- (2) Political and economic conditions in the Far East will permit the necessary expansion of trade,
- (3) Japan will be increasingly free to conduct its own foreign commerce and engage in merchant shipping,
- (4) The Japanese government and people will take the necessary steps in internal policy to accelerate production and maximize exports,
- (5) Japan's internal economy will be effectively stabilized,
- (6) There will be a speedy and acceptable solution of the reparations problem,
- (7) There will be no international trade discrimination against Japan or opposition to her freedom to engage in world trade.

The directive on economic stabilization which has been concurred in by the National Security Council and The President addresses itself particularly to the 4th and 5th assumptions. As to the 6th assumption, we have reasonable hope that the reparations problem will be speedily resolved. As to the 7th assumption, energetic action in the coming months, coupled with the establishment of a single exchange rate, should obtain most favored nation treatment for Japan. Concerning the 3rd assumption, I believe that SCAP should be able to achieve a firm and satisfactory solution on the matter of Japanese merchant shipping.

The degree of validity of General MacArthur's first two assumptions appears to be a very basic determinant in assessing his conclusion that his program for a self-supporting Japanese economy will result by 1953 in achieving a balance between imports and exports, thereby lifting from the shoulders of the U.S. taxpayer the burden of support of the Japanese economy. These assumptions would normally be presented in connection with the defense of the proposed appropriation to the Congressional committees concerned. Whether they are presented initially or not, it is certain that their substance will be raised by the



committees concerned, and that it will be necessary to express a definitive view concerning the subject matter of these two points, and concerning their impact on SCAP's current plan or any other plan for achieving a self-supporting Japan.

Your views on the problem raised in the preceding paragraph are requested at your earliest convenience for the purpose of providing guidance for use in the defense before Congress of the economic rehabilitation program for Japan and also for use in providing General MacArthur with necessary advice for further planning. It would be particularly appreciated if they might be forwarded within a week, since the concepts involved are of such fundamental importance that the completion of materials for distribution to Congressional committees in early January must necessarily await such guidance.

Sincerely yours,

WILLIAM H. DRAPER, JR.

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740.00119 Control (Japan)/12-1748

*The Acting Secretary of State to the Secretary of the Treasury  
(Snyder)*

TOP SECRET

WASHINGTON, December 17, 1948.

MY DEAR MR. SECRETARY: There are enclosed <sup>1</sup> for your information and guidance copies of paragraphs 8, 12 and 15 of a paper entitled "Recommendations with Respect to U.S. Policy Toward Japan", approved by the National Security Council on October 7, 1948, and by the President on October 9, 1948. Paragraph 15, dealing with economic recovery in Japan, will be of particular interest to the Treasury Department, while paragraphs 8 and 12 will be of interest in connection with such matters as economic stabilization and banking reform in Japan, currently under discussion between the State, Treasury and Army Departments and other concerned agencies of the Government.

It is suggested that the officer or officers directly responsible within the Treasury Department for the matters treated in these paragraphs communicate with Mr. Max W. Bishop, Chief of the Division of North-east Asian Affairs, who is initially charged with ensuring that implementation of the paper is properly coordinated among the interested Departments and agencies.<sup>2</sup>

Sincerely yours,

ROBERT A. LOVETT

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<sup>1</sup> Not printed; for sections cited, see NSC 13/2, October 7, p. 858.

<sup>2</sup> Similarly paragraphs 5, 6, 8, and 15 were sent to the Director of the Budget (Webb) on the same day.

740.00119 PW/12-1748

*Memorandum by the Chief of the Division of Northeast Asian Affairs  
(Bishop) to the Director of the Office of Far Eastern Affairs  
(Butterworth)*

TOP SECRET

[WASHINGTON,] December 17, 1948.

Subject: Japanese Reparations

The attached telegram contains General MacArthur's comments<sup>1</sup> on the tentative State-Army reparations proposals sent him for comment three weeks ago.

General MacArthur's position, largely as expected since issuance of the stabilization directive last Friday,<sup>2</sup> is that

"Now that (stabilization) has formally become a basic and primary allied objective in the occupation of Japan, it would be entirely inconsistent for the United States as sponsoring government to support the removal of any further materials from Japan for the reparations account. For every pound of material so removed is a reduction in the resource available to support the stabilization program and an added burden upon the economy by way of costs incident to preparation and transportation, as well as a strong psychological brake upon the mustering of the Japanese will to support, however onerous it may appear, the American formula for stabilization as prescribed by the interim directive."

Whereas in Part I of the telegram, prepared before receipt of the stabilization directive, General MacArthur indicates he would be willing to implement a reparations program based on the Johnston retention levels, but not on the levels advanced in the State-Army proposals, his position after receipt of the directive is one of firm opposition to any further reparations whatsoever.

Competent specialists estimate, General MacArthur states, that implementation of the State-Army proposals would entail the packaging and delivery to dockside of close to 600,000 pieces weighing 850,000 tons at an estimated expenditure by the Japanese at existing yen costs of about 15 billion yen. This sum, it is true, is not large in comparison with the total General Accounts budget for the current fiscal year of 400 billion yen (and a Special Accounts budget of approximately 1,000 billion yen). Nevertheless General MacArthur's argument that the dismantling, packaging and transportation of 850,000 tons of machinery (or whatever portion thereof might actually be claimed), would place a significant added burden on Japan's strained economy, materially handicapping the stabilization program, and that the reparations burden would therefore in actuality be borne directly or indirectly by the United States, seems irrefutable. It is also

<sup>1</sup> C 66288, December 14, replying to W 92916 and W 80469, none printed.

<sup>2</sup> December 10; see statement, p. 1059.

impossible in light of our recent stabilization directive to contest General MacArthur's thesis that stabilization and recovery must be considered the overriding objective in the coming period to which other objectives must generally be subordinated. While it might still be feasible to carry out a token reparations program involving removals far smaller even than those recommended by the Johnston Mission, the political advantages of this course would not seem great enough to over-balance the boost to Japanese morale, and hence to possibilities of success of the stabilization and recovery programs, which would result from renunciation of any further reparations from within Japan, as proposed by General MacArthur.

It would seem that irrespective of whether we agree or disagree with General MacArthur's substantive arguments there can be little possibility now of our obtaining the Army Department's and Congressional leaders' approval for our proposals. In view of the great importance which the Army Department necessarily attaches to the success of the stabilization program in Japan, it is extremely unlikely to disregard General MacArthur's position that any reparations program worthy of the name would jeopardize the stabilization objective to which all our efforts must now be bent. To overrule General MacArthur and require significant further reparations would be to invite responsibility, in the face of General MacArthur's warning, for failure of the stabilization program which he has now reluctantly agreed to undertake and which has a slim chance, at best, of success. Acceptance of his no-further-reparations position would be an earnest to him and to the whole Japanese nation of how seriously we regard the stabilization goal and of how far we are willing to go in supporting his and the Japanese people's efforts to attain it.

I personally agree with the position General MacArthur has taken not only because of the economic factors but also because of the psychological and political factors which I consider the most important. Selling this position to friendly FEC governments, some of which have received no reparations from within Japan at all, will require political courage and diplomatic skill of a high order. At the same time we should remember that these governments have gone through a conditioning process—the OCI Report, the Johnston Report, and now the stabilization directive whose implementation would obviously be impaired by an extensive reparations program—which must have readied them in considerable degree for the shock. The principal claimant, China, is of course no longer in a position effectively to utilize reparations. If our position on reparations is skillfully presented in the context of our overall policies toward Japan for the coming period, it is quite possible that we could lay this problem permanently to rest without undue disturbance and without impairment of other policy objectives.



If you approve, NA will prepare a memorandum on the above lines for clearance through E and O before submission to the Acting Secretary. In such a memorandum we would recommend to the Acting Secretary (1) that we proceed with discussions with friendly FEC governments in an effort to obtain all possible support for our position in favor of no further reparations; (2) that in any case we should immediately after such discussions present this position to the FEC; and (3) after a reasonable period, not more than two weeks, we should (a) publicly announce that the US Government will approve no further reparations from Japan and (b) issue an interim directive to SCAP rescinding the Interim Directive Regarding Advance Transfers of Japanese Reparations issued on April 4, 1947.

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894.50/12-2748

*Press Release Issued on December 19 by General of the Army  
Douglas MacArthur, Tokyo*<sup>1</sup>

IMMEDIATE RELEASE

[Tokyo,] 19 December 1948.

#### SCAP LETTER TO PRIME MINISTER ON STABILIZATION

General of the Army Douglas MacArthur today forwarded the following letter to Prime Minister Yoshida:

"I am just in receipt of an interim directive from the government of the United States forwarded to me in accordance with the terms of reference of the Far Eastern Commission. This directive establishes a series of objectives designed to achieve fiscal, monetary, price and wage stability in Japan as rapidly as possible, as well as to maximize production for export. Such objectives, which are listed as an inclosure to this letter<sup>2</sup> are clear and explicit, and as pointed out in the public release of the United States State and Army Departments follow an objective pattern, the general aspects of which have heretofore been communicated to the Japanese Government as a means towards the ultimate desired stability.

"The directive proceeds from the premises that the prompt economic stabilization of Japan is a primary objective common both to the Allied Powers and the Japanese people; that the American people so long as called upon to underwrite existing deficits in the indigenous resources required to sustain Japanese life are entitled to the maximized industry of the Japanese people and the minimized loss incident to a maldistribution of available resources or failure vigorously to produce native raw products or curb extravagance and waste in the operation of government and industry; and that by positive Allied intervention many obstructions incident to improvidential political

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<sup>1</sup> Copy transmitted to the Department in despatch 804, December 27, from Tokyo; received January 4, 1949. The interim directive on stabilization was released to the press on December 18.

<sup>2</sup> Enclosure not printed, but see statement of December 10, p. 1059.

conflicts, unobjective labor strife and destructive ideological pressures best be avoided.

"The fundamental objective of this action, reduced to language which all may understand, is the prompt achievement of that degree of economic self-sufficiency which alone can justify and insure political freedom. For there can be no political freedom so long as a people's livelihood is dependent upon the largess of others. Nor may a people fully mobilize the collective will as an impregnable barrier against evil and destructive ideological pressures and as an irresistible force toward progressively improved living standards, if lacking in that resolute dignity which alone springs from mastery over its own deficiencies.

"Necessarily, the action of the United States is tied in to the problem of relief and recovery appropriations, which may be expected in future only in ratio to progress made through the combined efforts of the Japanese people toward achievement of the stated objectives. This will call for a reorientation of Japanese thought and action, with both subordinated to a primary purpose common to all of the people. It will call for increased austerity in every phase of Japanese life and for the temporary surrender of some of the privileges and immunities inherent in a free society.

"There will be no place for interference by management or labor with the acceleration of production, for the burden will be shared by every segment of Japanese society. There will be no place for political conflict over the objectives to be sought as these objectives are stated with crystal clarity. Nor will there be any place for ideological opposition as the purpose to be served is common to all of the people, and any attempt to delay or frustrate its accomplishment must be curbed as menacing the general welfare.

"In keeping with my long established policy, insofar as is possible, I shall look to the Japanese Government and people for the vigorous and faithful fulfillment of this stabilization program. I have faith in their ability, however stern the requirement and great the personal sacrifice, to achieve so worthy a national goal. The course ahead may well prove difficult but its impact upon individual life will be minimized if the burden is equalized among all the people.

"It is my earnest hope and indeed my confident expectation that all Japanese men and women will rally with vigor and determination to the challenge of this objective. If they do, Japan will evolve a pattern of progressive stability for all of strife-torn Asia to emulate. If they do not, Japan may perish."

Very sincerely,

DOUGLAS MACARTHUR

740.00119 PW/12-2248

*Memorandum by the Chief of the Division of Northeast Asian Affairs  
(Bishop)*

CONFIDENTIAL

[WASHINGTON,] December 22, 1948.

I discussed the question of reparations with Mr. Hamilton this morning and he has made what I consider to be one of the most im-

portant points. While the arguments of practicality, of security and of similar factors of greatest importance immediately and unilaterally to the United States are to be given due weight, we must in taking a position assure that we have the soundest possible moral basis for that position. We should, therefore, make every effort to justify on the basis of general good a position which may require us to depart from a previous international commitment that there would be exacted from Japan "reparations in kind". This moral justification of our position will take considerable study and thought, but I feel that it can and should be given, in presenting our case, equal if not more weight than the practicalities motivating us.

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740.00119 PW/12-2748

*Memorandum by the Legal Adviser (Gross) to the Assistant Secretary of State for Occupied Areas (Saltzman)*<sup>1</sup>

[WASHINGTON,] December 27, 1948.

Subject: Legal Obligations of the United States With Respect to Japanese Reparations.

1. A legal opinion is requested concerning the extent of United States obligations with respect to Japanese reparations, under the policy decisions of the Far Eastern Commission.

2. The obligations of the United States with respect to Japanese reparations have their inception in the agreement of the executive heads of the United States, China, and Great Britain taken at Potsdam on July 26, 1945, and subsequently adhered to by the Union of Soviet Socialist Republics. Paragraph 10 of the Potsdam Proclamation provides that "Japan shall be permitted to maintain such industries as will sustain her economy and permit the exaction of just reparations in kind, but not those which would enable her to rearm for war". The most that this declaration accomplished, as far as concerns reparations, was to establish, through the Japanese acceptance of its terms on August 14, and the unconditional surrender of September 2, the making of "just reparations in kind" as one of the obligations of Japan under the Terms of Surrender. These "reparations in kind" were apparently conceived either as reparations out of current production of industries which the Japanese were to be permitted to retain, or as reparations out of the transfer of industries which Japan was not to be permitted to retain.

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<sup>1</sup> Memorandum drafted by Brig. Gen. Conrad E. Snow, Assistant Legal Adviser for Political Affairs.



3. The Agreement of the Foreign Ministers of the Union of Soviet Socialist Republics, the United Kingdom, and the United States, taken at Moscow on December 27, 1945, with the subsequent concurrence of China, established the Terms of Reference of the Far Eastern Commission, composed of the representatives of eleven nations, and with the function of formulating the policies, principles, and standards in conformity with which the fulfillment by Japan of its obligations under the Terms of Surrender might be accomplished. As the making of reparations was one of the obligations of Japan under the Terms of Surrender, the formulation of policy regarding reparations fell within the functions of the Far Eastern Commission.

4. The Far Eastern Commission, in its Basic Post-Surrender Policy for Japan of June 19, 1947 (FEC 014/9) reaffirmed the principle of reparations out of goods, existing or to be produced, but developed particularly the principle of reparations through the transfer of existing Japanese capital equipment and facilities. Paragraph 4 provides:

“Reparations. For acts of aggression committed by Japan and for the purpose of equitable reparation of the damage caused by her to the Allied Powers and in the interests of the destruction of the Japanese war potential in those industries which could lead to Japan’s rearmament for waging war, reparations shall be exacted from Japan through the transfer of such existing Japanese capital equipment and facilities or such Japanese goods as exist or may in future be produced and which under policies set forth by the Far Eastern Commission or pursuant to the Terms of Reference of the Far Eastern Commission should be made available for this purpose. The reparations shall be in such a form . . .<sup>2</sup> which would not prejudice the cost of the occupation and the maintenance of a minimum civilian standard of living.”

Through the formulation of this policy decision by the FEC and its transmission as a United States directive to the Supreme Commander, the United States Government stands committed to the exaction of reparations from Japan either through the transfer of existing goods or of goods which may be produced in the future, or through the transfer of existing Japanese capital equipment. This provision of the Potsdam Declaration that the Japanese shall be permitted “to maintain such industries as will sustain her economy” becomes more narrowly defined, by the clear implication of the policy decision that the Japanese are to retain only such of their industries as will enable them to defray the costs of the occupation and to maintain “a minimum civilian standard of living”. The standard of living had presumably already been set by a previous FEC policy decision (FEC 106/1, January 23, 1947), by which the Commission had determined as a matter

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<sup>2</sup> Omission as indicated in the original.

of policy that "the peaceful needs of the Japanese people should be defined as being substantially the standard of living prevailing in Japan during the period of 1930-1934".

5. The Potsdam Declaration had suggested, as stated above, that Japan would not be permitted to maintain industries which would enable her to re-arm for war. The Basic Post-Surrender Policy of the Far Eastern Commission developed this concept further by providing that reparations would be exacted through the transfer of existing Japanese capital equipment and facilities "in the interests of destruction of the Japanese war potential in those industries which could lead to Japan's rearmament for waging war". As a matter of fact, this feature of reparations had already been provided for by an earlier formulation of policy by the Far Eastern Commission, "Reduction of Japanese Industrial War Potential", FEC 084/21, 18 August 1947. In this directive to the Supreme Commander, it was provided that all special purpose industrial machinery and equipment functionally limited to use in connection with combat equipment end products should be destroyed, but that "all other industrial machinery and equipment in primary war industries, and such other industrial facilities in secondary war industries and war-supporting industries as may be in excess of the peaceful needs of the Japanese economy should be made available for claim as reparations". By this policy decision of the FEC and consequent United States directive to the Supreme Commander, the United States stands firmly committed to the distribution of reparations of all industrial machinery and equipment (not made subject to destruction) in primary war facilities, as defined in FEC 084/21, and in secondary war industries and war-supporting industries, also as so defined, in excess of the peaceful needs of Japan by which is meant the needs of the Japanese people in order to maintain the standard of living prevailing in Japan during the period of 1930-1934.

6. So far as concerns all other existing Japanese capital equipment and facilities, the Basic Post-Surrender Policy decision provides for the transfer as reparations of only that part "which under policies set forth by the Far Eastern Commission or pursuant to the Terms of Reference of the Far Eastern Commission, should be made available for this purpose". In accordance with this basic principle, the Far Eastern Commission has formulated a series of policy decisions under the general heading of "Interim Reparations Removals", each of which provides either (a) that *all* facilities within a certain category should be made available for claim as reparations, or (b) that *a certain portion of Japan's capacity for production* within a certain cate-

gory should be made available for such claims. Under classification (a) fall:

- 1) *Army and Navy arsenals*, as defined in FEC 059<sup>3</sup> (excepting certain special purpose machinery and equipment, shipyards, non-arms facilities, and fertilizer and fuel facilities);
- 2) *Aircraft industry*, as defined in FEC 059,<sup>4</sup> except plants the use of whose products by the aircraft industry represents merely a diversion during the war without major changes in character of product from former peacetime civil consumption;
- 3) *Light metals industry*, as defined in FEC 059,<sup>5</sup> except facilities engaged in remelting light metal scrap into secondary ingot, and certain rolling and drawing equipment for the production of fabricated aluminum (see below);
- 4) *Privately-owned munitions plants*, as defined in FEC 059/15,<sup>6</sup> except certain special purpose machinery and equipment;
- 5) *Naval shipyards*, as defined in FEC 059/4,<sup>7</sup> except certain special purpose structures, machinery, and equipment;
- 6) *Synthetic oil industry*, as defined in FEC 059/21,<sup>8</sup> subject to a temporary reservation of plants designated as suitable for conversion to the manufacture of sulphate of ammonia for fertilizers;
- 7) *Synthetic rubber industry*.

Under classification (b) fall:

- 1) *Fabricated aluminum industry*—rolling and drawing equipment in excess of that required to handle 15,000 metric tons per annum;
- 2) *Machine tool industry*, as defined in FEC 059/4,<sup>9</sup> capacity in excess of a balanced type-size aggregate of 27,000 units annually;
- 3) *Sulphuric acid industry*, as defined in FEC 059/4,<sup>10</sup> capacity in excess of 3.5 million tons annually;
- 4) *Shipbuilding industry*, as defined in FEC 059/4,<sup>11</sup> other than naval shipyards (see above), capacity in excess of that required to build 150,000 tons of merchant shipping annually, and to service and repair a merchant fleet aggregating 3 million gross tons;
- 5) *Ball and roller bearing industry*, as defined in FEC 059/6,<sup>12</sup> capacity in excess of 32.5 million yen (based on 1943–1944 average prices) per year;
- 6) *Iron and steel industry*, as defined in FEC 059/14,<sup>13</sup> capacity for the production of steel ingot in excess of 3.5 million metric tons annually, and of pig iron in excess of 2 million metric tons annually;

<sup>3</sup> May 13, 1946, *Activities of the Far Eastern Commission*, report, p. 68.

<sup>4</sup> *Ibid.*, p. 69.

<sup>5</sup> *Ibid.*, p. 70.

<sup>6</sup> June 20, 1946, *ibid.*, p. 74.

<sup>7</sup> May 23, 1946, *ibid.*, pp. 70, 71.

<sup>8</sup> September 12, 1946, *ibid.*, p. 75.

<sup>9</sup> See FEC-059, May 13, 1946, para. 3 (3), *ibid.*, p. 70.

<sup>10</sup> May 23, 1946, *ibid.*, p. 71.

<sup>11</sup> *Ibid.*

<sup>12</sup> May 29, 1946, *ibid.*, p. 72.

<sup>13</sup> June 12, 1946, *ibid.*, p. 73.



7) *Thermal electric power*, as defined in FEC 059/14,<sup>14</sup> in excess of Japan's requirements after the reduction of the industrial capacity in accordance with the remainder of the program, subject to certain limitations necessary to ensure at all seasons the distribution of sufficient electric power in each supply area;

8) *Soda ash, chlorine, and caustic soda industry*, as defined in FEC 059/14,<sup>15</sup> capacity in excess of about 75,000 metric tons of chlorine and 82,500 metric tons of caustic soda;

9) *Steel rolling industry*, as defined in FEC 059/29,<sup>16</sup> in excess of a balanced annual output of 2,775,000 metric tons of rolled steel products.

Most of these policy decisions specify that action under the "Interim Removals Program" should be taken "without prejudice to further removals that may be ordered under a final reparations program". The United States stands committed to the "Interim Reparations Program", as set forth above.

7. Within the amounts of industrial capacity determined by the Far Eastern Commission for removal as reparations, as above noted, the Supreme Commander has been authorized to select specific plants, machinery, equipment and other facilities, in accordance with certain considerations set forth by the Commission in FEC 091/7, Selection of Plants for Reparations Removals (May 22, 1947),<sup>17</sup> and certain procedures have been provided for the Delivery of Reparations Goods in Japan (FEC 094/3, February 18, 1947).<sup>18</sup> The whole process of exacting reparations from Japan, however, has been held up by the failure of the Far Eastern Commission to agree on the reparations shares of the claimant countries. In an attempt to secure agreement on reparations shares the United States, on 6 November 1947, offered to redistribute 18 of its own 28% shares to other claimant countries, if all would agree to a schedule of reparations shares therein set forth (FEC 278). No agreement has been reached, however, and the United States is at liberty to withdraw the offer.

8. Pending FEC agreement on reparations shares, the United States Government, on 4 April 1947, as a matter of urgency, issued an interim directive to the Supreme Commander Regarding Advance Transfers of Japanese Reparations and Reparations Allocations Procedures for Industrial Facilities in Japan (FEC 216/1) ordering the Supreme Commander to effect immediate delivery, in advance payment on account of ultimate reparations shares, to China, Philippines, Netherlands (for Netherlands East Indies), and United Kingdom (for Malaya, Burma and its colonial dependencies in the Far East), of assets in Japan falling within categories of facilities and equipment properly declared as available for reparations transfer by the Far

<sup>14</sup> *Ibid.*

<sup>15</sup> *Ibid.*, p. 74.

<sup>16</sup> December 6, 1946, *ibid.*, p. 76.

<sup>17</sup> *Ibid.*, p. 77.

<sup>18</sup> See February 13, 1947, *ibid.*, p. 79.

Eastern Commission and designated for removal by the Supreme Commander, not exceeding 5% in quantity or value to each nation (15% to China) out of any single category of assets so made available. The United States stands committed to this Advance Transfer Program, unless and until the interim directive is amended or rescinded by the United States or by the Far Eastern Commission on review.

9. *Summary.* The United States is committed, as a member government on the Far Eastern Commission, *a*) to the exaction of reparations from Japan through the transfer of existing Japanese capital equipment and facilities; *b*) to SCAP's making available for such reparations all machinery and equipment in primary war facilities (except that designated for destruction); *c*) to SCAP's making available for such reparations all industrial facilities in secondary war industries and war-supporting industries as may be in excess of the peaceful needs of the Japanese economy (by which is meant the standard of living prevailing in Japan in 1930-1934); *d*) to SCAP's making available for reparations as an "interim reparations removals program" all of Japan's capacity for production within certain categories and all capacity in excess of certain levels of industry fixed by the Far Eastern Commission in certain other categories; and *e*) to SCAP's effecting immediate delivery, as an advance transfer program, to the four designated claimant countries, of not exceeding 5% (15% to China) to each country of any of the designated categories. This last obligation the United States can evade by rescinding its own interim directive, but the preceding obligations can be changed only by action of the Far Eastern Commission. Except for the last obligation, however, the entire series of obligations can be made effective only by an agreement on the part of the FEC on the reparations shares of the claimant countries, an agreement which the United States has hitherto endeavored to bring about by voluntary surrender of a large part of its share, but which the United States can effectively prevent by the exercise of the veto. Such a veto, however, would be entirely inconsistent with the position taken by the United States in the Far Eastern Commission to this date, and a denial of its general obligation to participate in the exaction of reparations through the transfer of existing capital equipment.

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894.50/12-1448

*The Acting Secretary of State to the Acting Secretary of the  
Army (Draper)*

SECRET

WASHINGTON, December 28, 1948.

DEAR MR. DRAPER: This is in reply to your letter of December 14, 1948, requesting the Department of State's views concerning the first

two assumptions underlying the SCAP program for a self-supporting economy :

“(1) that there will be an integrated and expanding program of American aid for Asia ;

“(2) that political and economic conditions in the Far East will permit the necessary expansion of trade.”

In so far as the first assumption is concerned : no basis presently exists for SCAP's assumption in regard to “an integrated and expanding program for American aid.” In fact, to avoid any possibility of conveying a misleading impression concerning this Government's present policy in the Far East to the Congress, I would suggest the following language as an appropriate re-statement of this assumption : “That a considerable increase in the export productivity of other Asiatic countries will permit an expanding exchange of goods between Japan and these countries.” The assumption stated by SCAP is only a specification of the means to be employed in realizing this desired increase in Asiatic productivity ; if the objective is clearly stated, as in the proposed redraft, it would not seem necessary, or possibly appropriate, for SCAP to specify whether its attainment will require U.S. aid. This is an issue which is presently being studied, but has not yet been resolved, within the Department of State, in connection with a general review of the economic and political measures that might be taken by the U.S. Government in support of its objectives in the Far East.

In so far as the second assumption is concerned : The Department of State shares SCAP's hopes for increased political and economic stability in the Far East, but cannot, of course, predict whether developing conditions in this regard will, in fact, be such as to permit the necessary future expansion of Japanese trade.

The uncertain validity of these two assumptions does not, in the view of this Department, necessarily render inaccurate SCAP's relatively modest export projections for FY 1950. It does, however, raise a question as to whether it will be possible for Japan to attain the more ambitious goals projected by SCAP for FY 1951-53. For this reason, I believe that special care should be taken to indicate to the Congress that this SCAP program has been reviewed and approved by the U.S. Government only in so far as it relates to the fiscal year 1950. The Congress should be informed that, for the fiscal years following 1950, this program represents only SCAP's estimates of possible Japanese economic performance under certain stated assumptions. I do not believe that the U.S. Government can support these estimates until a more adequate basis exists for appraising the validity of the assumptions upon which they are based.



Under the circumstances, it would seem necessary to justify the FY 1950 Japanese rehabilitation appropriation to the Congress as an expenditure designed to bring Japan nearer to self-support rather than on the basis of any firm commitment that it is one of three annual expenditures that will surely lead to a state of Japanese self-support by FY 1953.

I will, of course, inform you promptly if decisions are reached within the Department of State that would provide a basis for a further appraisal of the validity of the assumptions underlying SCAP's program concerning which you wrote me.

Sincerely yours,

ROBERT A. LOVETT

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740.00119 PW/12-3048

*Memorandum by the Assistant Secretary of State for Occupied Areas  
(Saltzman) to the Acting Secretary of State*

SECRET

[WASHINGTON,] December 30, 1948.

Subject: Determination of United States Policy on Replacement by Japan of Lost and Destroyed Cultural Objects.

*Discussion:*

Pursuant to your request, I wrote to General Draper on December 2, 1948, (Tab A) enclosing copy of the opinion submitted by the Legal Adviser<sup>1</sup> to the effect that there is no legal reason why Japan cannot be required to replace, insofar as possible, the cultural heritage which she has destroyed or which she has removed and cannot return. I requested comments of the Department of the Army on this opinion.

Mr. Draper has replied under date of December 8, 1948, (Tab B)<sup>1</sup> stating that he notes that in his letter of October 26, 1948, (Tab C)<sup>1</sup> Mr. Royall indicated that he would be glad to discuss the matter further with the Secretary. Mr. Draper adds that he does not see that there is much to be gained by our examining together any intricacies of the legalisms in this matter and that Mr. Royall assures him that he is ready to discuss the matter at any time with the Secretary.

I think it is a fair conclusion that the personal views of Secretary Royall are involved and that nothing can be done without discussion with him. The alternatives are, therefore, for the Secretary or yourself to satisfy Secretary Royall of the propriety of the Department's conclusions in this matter and to submit them to the FEC, or for the Department to accept the views of General MacArthur and Secretary Royall as this Government's position for presentation to the FEC.

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<sup>1</sup> Not attached to file copy.

If the latter course is followed, it is likely that the FEC will approve by a majority vote, probably with only the U.S. opposing, a replacement program far more extensive than the present proposals of the Department of State. A member of the UK delegation in the FEC informed the Department recently that his Government considered that the Chinese position on this paper was by and large reasonable, and that the British could no longer continue to associate itself with the U.S. in the so-called minority position, which is a position providing for a much larger program of replacement than the proposals which the Department of State is presently advocating to the Department of the Army. From the standpoint of the FEC negotiations, therefore, if there is any chance of getting agreement on a program which is carefully limited, the U.S. must submit it very soon. The alternative is to veto a resolution concurred in, perhaps, by all the other members. In so doing, this Government would not be able to rely upon any paramount interest of the U.S. It has been the interpretation of the offices of this Department which have studied this problem over many months that a highly restricted replacement program such as was proposed in the Secretary's and my letters of September 18 (Tab D)<sup>2</sup> does not run counter to International Law and represents sound policy with respect to cultural objects. It is believed that exercise of the veto on this matter in the FEC would be contrary to U.S. interests.

*Recommendation:*

It is recommended that you discuss this matter personally with Secretary Royall, informing him that the limited program proposed in my letter of September 18 (the proposal as slightly revised is attached at Tab E) fully protects U.S. interests, and that the Department does not consider that the exercise of the veto would be justified in this matter.

[Annex]

*Revised Proposal (Tab E)*

SECRET

PROPOSED POLICY STATEMENT ON REPLACEMENT OF CULTURAL OBJECTS  
LOST OR DESTROYED AS A RESULT OF JAPANESE AGGRESSION DURING  
THE PERIOD 1931-1945.

1. This policy is supplementary to and not in derogation of FEC 011/51 relating to Restitution of Looted Property.<sup>3</sup>

2. For purposes of this policy, cultural objects are defined to include movable objects of artistic, historical, religious, or educational char-

<sup>2</sup> Not attached to file copy.

<sup>3</sup> July 29, *The Far Eastern Commission*, 2d report, p. 37.

acter, including collections of books, which are irreplaceable through normal channels of production and commerce.

3. The Japanese Government should be required to replace cultural objects which were removed from Allied countries by the Japanese or their agents during the period 1931–1945 which are not found within a reasonable time or which were destroyed by the Japanese or their agents either wantonly or as a result of Japanese military action during that period, in accordance with the following provisions:

(a) Each item for which replacement is claimed must be precisely identified and described;

(b) Reasonable evidence must be presented that the item was in fact removed or destroyed by the Japanese or their agents during the period 1931–1945;

(c) The item must be shown to have been an object of rarity and high value possessing important cultural significance in the country or region of loss or destruction;

(d) The item provided by the Japanese Government in replacement must be of the same period as, of identical or closely similar character with, and of approximately equal value to the item lost or destroyed. If no such item is obtainable in Japan, the claim for replacement must be denied;

(e) Replacement should not be made from:

*a.* Cultural items designated by the Japanese Government as National Treasures (*kokuhō*) prior to 1931 regardless of origin or ownership, or designated as Japanese National Treasures (*kokuhō*) after 1931, if they are of Japanese origin or were owned by Japanese public institutions or private individuals prior to 1894, or

*b.* Early collections significant for their unity and completeness, such as the Nara Complex of the Kōriūji, Yakushiji, Toshidaiji, Todaiji, Kosokuji, Shin-Yakushiji temples and the Shōshō-in and other similar temple complexes.

4. Replacement in accordance with the above provisions should be under the direction of a board of specialists on Far Eastern cultural matters. The board should be composed of three persons, not nationals of countries which suffered cultural losses at Japan's hands, selected for their competence by the Supreme Commander for the Allied Powers in Japan from a list of persons nominated by the nations suffering such cultural losses. The board should be established in Tokyo under the authority of the Supreme Commander as soon as a sufficient number of verified replacement claims have been received to warrant its entering on its duties. The foreign currency expenses of the board, which should be afforded all practical technical assistance by the Supreme Commander's Headquarters in the performance of its duties, should be allocated in an equitable manner, as determined by the Supreme Commander, among the nations submitting claims to it, and



all other expenses, including packing and delivery to dockside in Japan of approved items, should be borne by the Japanese Government. The Supreme Commander should take no part in formulating the decisions of the board, but should be empowered to review its decisions before transmitting them to the Japanese Government for execution.

5. Execution of the replacement program shall be completed by December 31, 1949, after which time no claims will be entertained.

## KOREA

### GENERAL POLITICAL POLICIES OF THE UNITED STATES TOWARD KOREA AND APPEAL TO THE UNITED NATIONS GENERAL ASSEMBLY<sup>1</sup>

501.BB Korea/1-348

#### *Memorandum of Conversation, by the Acting Secretary of State*<sup>2</sup>

SECRET

[WASHINGTON,] January 3, 1948.

Subject: Canada's Decision to Withdraw from the UN Korean Commission.

Mr. Pearson, in explaining the nature of his mission which was to bring the Prime Minister's views regarding Canada's non-participation in the Korean Commission,<sup>3</sup> said that he could fully understand our surprise over this decision. The decision had been taken by the Prime Minister following his return from England and after he had had an opportunity more fully to study the Korean Commission and its implications. Given the attitude of Soviet Russia the Prime Minister was convinced that the Commission's work would be absolutely futile and bring the United Nations into greater disrepute. For this reason he did not wish Canada to be associated with it. Had he been in Ottawa at the time the Commission had been established he would then have not permitted Canada to take part. The Prime Minister felt that the Commission would do far better to meet at Lake Success, determine in advance whether it would be permitted to enter North Korea, and if not, to turn back its mandate to the Interim Commission.

Mr. Pearson continued that he would not, however, be giving us the whole story if he did not indicate that there were deeper considerations than those affecting the Commission itself. The Prime Minister had returned from England apparently greatly influenced by the gloomy description of the present situation which Bevin<sup>4</sup> had given

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<sup>1</sup> Continued from *Foreign Relations*, 1947, vol. vi, pp. 596-889.

<sup>2</sup> Lester B. Pearson, Canadian Under Secretary for External Affairs, was accompanied by Ambassador Hume Wrong; John D. Hickerson, Director of the Office of European Affairs, W. Walton Butterworth, Jr., Director of the Office of Far Eastern Affairs, Dean Rusk, Director of the Office of Special Political Affairs, Joseph E. Jacobs, Political Adviser in Korea, and Samuel Reber, Deputy Director of the Office of European Affairs, were present.

<sup>3</sup> Prime Minister W. L. Mackenzie King had written Ambassador Ray Atherton on December 31, 1947; see *Foreign Relations*, 1947, vol. vi, p. 889.

<sup>4</sup> Ernest Bevin, British Secretary of State for Foreign Affairs.

him and by a deep anxiety as to what the immediate future held in store. He felt that the present situation was very grave indeed. Therefore at the time when Canada was assuming its responsibilities as a member of the Security Council, the Prime Minister felt that this was the moment for taking stock and that Canada could not afford at this time to lend itself to a hasty experiment when it was assuming these new responsibilities. It could not all the more do so if the smaller nations were to be made the front men in an effort to utilize United Nations as an instrument of the Western Democracies against Soviet Russia. Mr. Pearson went on to say that in reaching these conclusions, the Prime Minister's mentality was apparently very similar to that which he had had in 1935 when faced with the threat of the German war. Canada knew it would have to take its share of the consequences but did not wish in any way to be a party to precipitating them.

Pearson said he had been authorized by the Prime Minister to explain that these were his own views. They did not necessarily represent those of all of the Cabinet but at the same time MacKenzie King was still Prime Minister and very much so.

I said that in so far as the futility of the Commission was concerned, I felt that it would be far more marked if the Commission without proceeding to Korea and determining what could be done on the spot, should merely bow the knee as a result of Soviet refusal and without making any effort demonstrate that it was incompetent or unwilling to accomplish the task conferred upon it by the considered judgment of the UN. The Commission should be master of its own decisions. If it proceeded to Korea although it might be blocked from entering the North, it could nevertheless achieve a certain success should it decide to hold elections which would result in the establishment of a democratic Korean Government in the south. Mr. Jacobs subsequently added, in this connection, that after all two-thirds of the Korean population were in South Korea and that the establishment of an elected Government under the aegis of the Commission in that area would mark substantial progress toward the establishment of a truly representative Korean Government. He felt that the Commission would be welcomed in that part of the country and be able to accomplish at least part of its mission.

As to the deeper considerations which lay behind the Prime Minister's feelings with respect to the Korean Commission which after all was only a precipitate, these were a matter of very real concern to us. Should Canada on the eve of its taking its seat in the Security Council feel constrained to limit its responsibilities, I felt that this would be a very serious decision. It would undoubtedly give rise to speculation both in Congress and in the press that Canada had embarked on a



new course of restricting its role in international affairs. If that were the case, its position as a member of the Security Council and its interests in areas other than Western Europe would have to be regarded in an entirely new light. Consideration of this limited role might bring about discussion of the whole future of UN which could only have most unfortunate results as regards Canada, the United States and the Organization itself. I asked Mr. Pearson whether some way might be found taking into account the susceptibilities of the Prime Minister which we fully understood, which would limit Canada's participation in the Commission and not give rise to the difficulties and publicity involved in a decision not to take part. The latter was bound to be accompanied by considerable publicity whereas a limited participation would involve probably no difficulties at all. After discussion of this point with Mr. Pearson it was suggested that the President might write a letter making such proposal to take care of the immediate problem of the Commission, which could at the same time indicate an understanding of Canada's position in the Security Council and its susceptibilities regarding its independent role in that organization. In order that this letter should be more effective, Mr. Pearson felt that he should make a brief call at the White House. It was agreed that I would then take Mr. Pearson to the White House where it would be explained for publication that on his way to New York he had stopped by in Washington for a general discussion and had taken this opportunity to pay his respects to the President.

The meeting adjourned with Mr. Pearson's and my departure for the White House and to prepare a letter for Mr. Pearson to take back with him.

[ROBERT A. LOVETT]

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501.BB Korea/1-648

*President Truman to the Canadian Prime Minister*  
(*Mackenzie King*)<sup>1</sup>

WASHINGTON, January 5, 1948.

MY DEAR MR. KING: I appreciate very much your courtesy in sending Mr. Pearson to Washington to discuss the Korean matter with me and Mr. Lovett and Mr. Pearson's full and frank presentation of your views.

It seems to me that the Korean matter itself is of considerably less importance than some of the fundamental considerations about which you have expressed anxiety. We do not minimize the seriousness of the

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<sup>1</sup> Copy transmitted to the Department on January 6.

questions which you have raised with respect to the general world situation and the efforts of the United Nations to resolve some of the present difficulties. We also are concerned and preoccupied about these same subjects. It is precisely because of these broader questions that we are so concerned over the question of Canada's association with the Korean Commission. Naturally, our two governments must give these larger questions careful study and will have many occasions during Canada's membership on the Security Council to consult about them and to give expression to the great objectives which we share and which we have seen written into the Charter. While our two governments will probably be in agreement on most of these issues, it will be a result of full and free exercise of independent judgment by each of them.

It occurs to me that we shall be better able to deal dispassionately and constructively with these problems if we can in some way avoid the public speculation and irritation which must inevitably follow from Canada's absence from the Korean Commission to which she was elected at the recent General Assembly session. Although your participation in this Commission might have occasioned the expression of your concern to us, I believe you would agree that the real issues you have raised go much deeper.

We do not expect the work of the Korean Commission to lead to or to contribute to a clash with or even an intensification of the present tension with the U.S.S.R. I can assure you that we, on our part, are going to do everything we can to prevent this. It seems likely that the Commission will be denied entry to Northern Korea and that its work will be confined to Southern Korea where 20,000,000 of the 29,000,000 Koreans live. It is our hope that the work of this Commission will contribute to the ultimate establishment of a democratic government in Korea.

Canada's part in the work of UN has been wholehearted, able and constructive. I am deeply concerned over the possibility that Canada's failure to appoint a representative on the Korean Commission would be misunderstood and distorted out of all proportion to the modest importance of this temporary agency. I am fearful that it might be seized upon by persons in this country and elsewhere who are anxious to find grounds for opposing cooperative efforts to resolve urgent political and economic problems which confront the world and which must be solved if western civilization is to endure. I need hardly add that the U.S.S.R. would exploit Canada's absence to the fullest in its propaganda.

While I understand and appreciate the difficulties which the Korean Commission presents for you, it is my earnest hope that you may find

it possible to appoint a Canadian representative, even if his role may be a relatively nominal one, in order to remove this comparatively unimportant element from the larger picture.

With warm personal regards and every good wish, I am

Sincerely yours,

HARRY S. TRUMAN

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501.BB Korea/1-648 : Telegram

*The Secretary of State to the Acting Political Adviser in Korea  
(Langdon)*<sup>1</sup>

SECRET US URGENT

WASHINGTON, January 6, 1948—6 p. m.

5. For Hodge<sup>2</sup> and Langdon from Jacobs: Expect to return Seoul around fifteenth.

Following summarizes general thinking here concerning first phases of UN Commission's activities which may be helpful to both of you in your interim discussions with the Commissioners and Victor Hoo.<sup>3</sup>

After ascertaining US willingness to cooperate in south Korea, Commission will probably then decide to determine attitude of authorities in north Korea (either Soviet or local or both) with regard to observation of an election in north Korea, either separately in that area or as part of general election in all Korea. This exploratory step will probably evoke negative or unsatisfactory response or no response whatsoever. Commission may then either decide to proceed with observation of an election in south Korea or report back to Interim Committee for instructions.

Accordingly, it is highly desirable that, in your talks with the Commissioners, every effort consistent with independent character of the Commission, be made to focus their attention and that of Victor Hoo (believe Paul-Boncour<sup>4</sup> and Hoo are already sympathetic) on importance and urgency of proceeding without delay with observation of an election in south Korea, arguing that Commission has ample authority under terms of the Resolution to take this step on its own initiative and that after all twenty of the thirty million Koreans live in south Korea.

MARSHALL

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<sup>1</sup> William R. Langdon, Consul General at Seoul, was acting in the absence of Joseph E. Jacobs.

<sup>2</sup> Lt. Gen. John R. Hodge, Commanding General, U.S. Army Forces in Korea.

<sup>3</sup> Assistant Secretary-General of the United Nations, Department of Trusteeship and Information from non-self-governing territories; he accompanied the UN Commission to Korea as Secretary of the Commission.

<sup>4</sup> Jean-Louis Paul-Boncour, French member of the UN Temporary Commission on Korea.



501.BB Korea/1-948

*Memorandum by the Chief of the Division of British Commonwealth Affairs (Wailes) to the Under Secretary of State (Lovett)*

SECRET

[WASHINGTON,] January 9, 1948.

Subject: Canadian Participation in the Korean Commission.

Ambassador Atherton telephoned from Ottawa at 12:00 noon today and stated that he had just seen a copy of Prime Minister Mackenzie King's reply to the President's letter of January 5 concerning Canadian participation in the Korean Commission. The reply which constitutes a compromise in view between Mr. King and his Minister for External Affairs<sup>1</sup> takes the line that the resolution setting up the Korean Commission provides that the Commission shall deal with all of Korea and not just South Korea. If, on arrival in Korea, the Commission finds that the USSR is agreeable to its dealing with Korea as a whole, the Canadian appointee to the Commission will carry on as a member. If, however, the Soviet Union bans the Commission from considering North Korea, the Canadian appointee will request that the Commission call upon the Interim Assembly for instructions.

Ambassador Atherton asked me to inform you that Mr. King's letter, which is being carried by courier to Washington today, was written after a very heated session with the Secretary for External Affairs, Mr. Saint Laurent, and, therefore, its language appears somewhat stilted and contains considerable "face saving" on the part of the Prime Minister. This was not the intention of the Prime Minister, however, and Ambassador Atherton hopes that we will bear this in mind in our consideration of the letter.

EDWARD T. WAILES

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<sup>1</sup> Louis S. St. Laurent.

895.00/1-1548: Telegram

*The Acting Political Adviser in Korea (Langdon) to the Secretary of State*

CONFIDENTIAL

SEOUL, January 15, 1948.

7. Cite Zpol 48.

1. Eighth Kim Koo's national congress and Rhee's people's representatives met<sup>1</sup> and reportedly consummated mergers they had been working for over past year (paragraph 2 mytel 526 December 24<sup>2</sup> and previous political summaries). Joint communique states new body inherits authority of lawmaking body established under declaration

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<sup>1</sup> Kim Koo was leader of the Hankook Dok Lib Dang or Korean Independence Party, and Dr. Syngman Rhee was a veteran leader in the Korean independence movement.

<sup>2</sup> Not printed.

independence 1919 and must effect restoration of sovereignty by means of self conducted general election.

2. "Representatives" have been giving out reports police have been hindering further meetings of merger but Command's investigations fail to discover basis for reports and new body continues to meet.

3. Shin Ikhi, manager of projected election, has privately stated his group has completed machinery for election and is willing to let UN commission use it since commission is too small to undertake job itself. Election, he says, will consist of selection by delegates from all political parties in each locality of one representative for each 100,000 population. He did not indicate how locality delegates would be chosen but it is clear his machine would take care of that step.

4. In amiable visit with Allison,<sup>3</sup> Rhee said he wanted early Korean-conducted South Korean election, repeating his old arguments for it, particularly need of electing body representative of Korean people with whom commission could consult, and suggested this and other procedures (favorable to his aims) be proposed to commission. Allison pointed out any group was free to put up any proposition to commission, but US could not properly make proposals for departure from terms of UN resolution. Rightists own big acclaim of commission and perhaps reliance upon it now it is here make it unlikely new merger will push its election scheme vigorously except in event of prolonged commission inaction. Chairman of Han Koo's [*Hankook?*] party, which is staying aloof from merger (believing it unnecessary as long as rightists follow same general line of thought), also does not consider Rhee serious about his election, thinking he harps on it merely to remain in limelight and center of rightist movement.

LANGDON

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<sup>3</sup> John M. Allison, Chief of the Division of Northeast Asian Affairs, on a visit to Korea.

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501.BB Korea/1-2448 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SEOUL, January 24, 1948.

21. Cite Pol 757. Following is statement released by General Hodge today apropos Chairman Menon's statement quoted Seoul PolAd 16, January 23 [22]<sup>1</sup>:

"It was with much pleasure and interest that I heard the broadcast by Ambassador K. P. S. Menon, Chairman of United Nations Temporary Commission on Korea, at Seoul on 21 January 1948, giving an account to the Korean people of the progress of the Commission and its attitude toward its mission in Korea.

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<sup>1</sup> Not printed.

All Americans are completely in accord with Mr. Menon's statement concerning the necessity of a free atmosphere for elections to be conducted under the observation of the UN Commission which, under the General Assembly resolution of 14 November, are to be held for all Korea. I agree entirely that if these elections are to have lasting value, they must be free and unfettered and must faithfully reflect the will of the people. The electors must be insured a secret ballot and there must be freedom for the candidates of all parties, of whatever political ideology they may represent, to put forth their views on a free and equal basis. I feel sure that my views express also those of all patriotic Koreans.

Although the people of Korea have never conducted a general election for the selection of national representatives under elective procedures accepted by most of the world as democratic, I have the greatest faith in the genuine regard for democratic processes which exists among Koreans today. Since the coming of the United States forces to Korea in September 1945, I have watched with increasing admiration the development and growth of representative government and the great desire of Koreans to exercise the art of good government in order better to serve their country.

Speaking as the representative of the United States of America in Korea, I can assure that the American Command will lend every possible assistance to the United Nations Temporary Commission on Korea to this end and awaits the decision of the Commission as to their approval of the election laws, regulations, and mechanism which it deems appropriate for the election to be conducted. I am confident that all the good people of South Korea are prepared to cooperate fully in the accomplishment of the task which has been assigned to the Temporary Commission.

My letter to Ambassador Menon on 19 January 1948 fully expressed my views and those of all members of this command, and I think it is entirely appropriate at this time to quote an extract therefrom:

'I join the Korean people in their enthusiastic support of and whole-hearted cooperation with the Commission's endeavor to achieve Korean independence in line with the aims and ambitions of all mankind throughout the world. The United Nations Temporary Commission on Korea and its activities are the cynosure of all eyes of freedom loving peoples of the world. I wish it full success and Godspeed in early performance of its mission.

My time and services are always available for anything that will contribute toward the attainment of the hopes which are uppermost in the minds and hearts of the Korean people.' "

JACOBS

501.BB Korea/1-2648

*President Truman to the Canadian Prime Minister (Mackenzie King)*

WASHINGTON, January 24, 1948.

MY DEAR MR. PRIME MINISTER: I have received your letter of January eighth<sup>1</sup> and am gratified to learn of your decision to name a representative to the Korean Commission.

<sup>1</sup> See memorandum of January 9, p. 1084.



With respect to the future work of the Commission, that will, of course, be a matter for the Commission itself to decide. We believe that the Commission should carefully consider the situation it finds in Korea and determine in the light of the facts how it might best give effect to the desire of the General Assembly to forward the cause of Korean independence. If obstacles arise to prevent the Commission from carrying out in full the task set for it by the General Assembly, we can imagine that the Commission might either decide on its own account to proceed with such part of its task as is possible under the circumstances or report to the Interim Committee for advice, as permitted under the terms of the Assembly's resolution.<sup>2</sup>

We hope very much that it will be possible for the Korean Commission to carry out its task throughout the whole of Korea and we are by no means convinced that it is a certainty that the Commission will be denied entry into northern Korea. Should the latter eventuality arise, however, we would still be eager to have the assistance of the United Nations in our efforts to bring to the people of south Korea, who constitute more than two-thirds of the total population of the country, the freely-elected government which they so eagerly await. Such a government, even if established at the outset for only a part of the country, would, in our view, prove of itself to be a strong force for the democratization and unification of the country as a whole, the goal toward which we are all working.

Please accept [etc.]

HARRY S. TRUMAN

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<sup>2</sup> The Interim Committee (IC) was established by General Assembly resolution in 1947 to function as a body ("Little Assembly") that could give continuing attention to questions of importance, particularly political and security questions, while the General Assembly was not in session. At the same time, the UN Temporary Commission on Korea (UNTCOK) was authorized to consult the IC which held its first meeting on January 5.

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501.BB Korea/1-2948 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SEOUL, January 29, 1948.

32. Pol 944. After his appearance before subcommittee 2<sup>1</sup> on January 28th, Kimm Kiusic gave press conference of which the following is a summary :

In reply to inquiry from member of UN Commission whether present is proper time to conduct general election. Kimm said that if such election is to be conducted impartially for benefit of all people and in

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<sup>1</sup> UNTCOK subcommittee 2 "To examine documents received and to secure statements from Korean personalities" was presided over by S. H. Jackson, of Australia.

democratic way, it will take considerable time to make necessary preparations.

In reply to inquiry whether, if UN Commission is not admitted to north Korea, government should be set up in south Korea alone, Kimm said that UN Commission cannot insist on latter because its mission is to supervise general election in United Korea. If Commission cannot carry out original mission, then it should refer Korea question back to interim committee for re-examination. He said if UN Commission observes elections and sets up government in south Korea only, it will merely perpetuate division of country into north and south, with north Korea becoming satellite of Russia. However, one Korean newspaper reported that Kimm said, in this connection, that if commission cannot obtain Soviet cooperation, there should be general election and establishment of a government in south Korea which should receive UN recognition. He also insisted that there should be conference of leaders of both north and south Korea under supervision of UN Commission.

JACOBS

501.BB Korea/1-3048 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SEOUL, January 30, 1948.

36. Hankook Democratic Party issued statement January 27 issue *Hyun Dai Ilbo* (Extreme Rightist) of which following is translation:

"We anticipated Soviet refusal for UN Commission to enter North Korea from fact that she has opposed policy of United States in General Assembly. Since problem has been put off until now, we have no need to wait any longer. We must establish independent government in south Korea through general election while participating as a member of UN and open diplomatic and trade relationship with other nations to solve peoples living condition and for unification of north and south Korea. Our party represents 30,000,000 Korean people and asks UN to take immediate and daring action for Korean people."

JACOBS

501.BB Korea/1-3148 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SECRET

SEOUL, January 31, 1948.

39. Cite Zpol 106. Our liaison officer just in from Pyongyang reports that when he delivered UN Commission letter on January 30 to Major General Shanin, Chief of Staff for General Korotkov, Shanin gave impression that Soviet forces in North Korea will have no dealings with UN Commission. Shanin also states that he saw no hope of

uniting Korea through UN Commission; that unification could be accomplished only on high level such as through "Molotov and Marshall."

Liaison officer denies alleged "cleaning up" of Pyongyang for possible visit of UN Commission. States, however, that somewhat elaborate preparations are being made for grand rally in Pyongyang about Feb 5 or 6 in connection, he believes, with some announcement about new constitution or elections.

JACOBS

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501.BB Korea/2-248 : Telegram

*The Secretary of State to the United States Representative at the United Nations (Austin)*<sup>1</sup>

RESTRICTED

WASHINGTON, February 2, 1948—5 p. m.

38. Reference Australian delegation inquiry cited daily classified summary 100 January 27<sup>2</sup> regarding your statement on authority of Korean Commission, Department's view is that question of whether it shall on own initiative observe election in south Korea separately, or as alternative consult first with Interim Committee, is one for Commission itself to resolve. We should regard adoption of either alternative as normal and unexceptionable.

Thus we do not contend this matter should not be brought before Interim Committee. If Commission is disposed proceed under existing authority question need not be so handled; but if Commission desires to consult, guidance may assuredly be sought of Committee.

You may in your discretion and upon inquiry convey these views to other delegations.

MARSHALL

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<sup>1</sup> Sent as 24 to Seoul introduced by "The following message has been sent to USUN:".

<sup>2</sup> Not printed.

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501.BB Korea/2-248 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*<sup>1</sup>

SECRET      PRIORITY

SEOUL, February 2, 1948.

43. Cite Zpol 117.

1. Commission has fixed Wednesday February 4 for plenary session to consider action in view Soviet refusal to receive commission in North Korea. Paul-Boncour expected to return to Seoul this afternoon for meeting and Arranz<sup>2</sup> has been asked to postpone his depar-

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<sup>1</sup> Sent to USUN, New York, as 41, February 4, 2 p. m.

<sup>2</sup> Philippine member of UNTCOK, chairman of subcommittee 3 on elections.



ture, scheduled for tomorrow morning, until decision on this question has been reached but he seems determined to depart tomorrow leaving his alternate Luna to act for him (Luna probably more effective than Arranz).

2. Understand Jackson (Australia) is only commissioner arguing that commission should not observe elections in South Korea. Up to Saturday afternoon Patterson (Canada) was halfheartedly supporting Jackson but now seems to have joined with others in belief that commission should proceed in South Korea.

3. Information obtained of meeting of commissioners on Saturday morning January 31 to consider whether Police Chief Chough should be invited to testify before commission (Chough has been invited), indicates Jackson has become active leader of those commissioners seeking to investigate current criticism of police. There was some heated discussion led by Manet and Liu<sup>3</sup> on propriety of thus delving into American administration here, especially since commission has not yet decided to proceed with elections in South Korea. General Hodge and I also question how far commission should go, especially at this time, in trying to uncover alleged defects in our administration but the general is raising no objection awaiting some indication as to how far commission will actually attempt to go. In this connection, commission has asked the commanding general in writing to supply information concerning number of Japanese police in Korea before the war, police now in service, number of such formerly connected with Japanese police, and strength of South Korean constabulary.

4. Unfortunately foregoing efforts leak to the public which causes misgivings, especially at this time when Korean public wants to know first and foremost whether commission is going to proceed and how it is going to proceed in view of Soviet rebuff. Another disturbing factor in this connection is that we have evidence of group of propagandists, assassins and saboteurs recently arrived in Seoul from Pyongyang to stir up leftists in South Korea and embarrass the command. Soviets realize that the command is handicapped in attempting to circumscribe activities of these agents because efforts in that direction becoming public might appear in eyes of commissioners as an attempt to suppress legitimate expression of opinion on part of leftists. This same situation developed last summer when the command relaxed its checks and controls over leftists in order to enable them to appear freely before joint commission, with result that by August it was necessary to "crack-down" on leftists saboteurs.

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<sup>3</sup> Representing France and China.

5. Also find growing tendency among commissioners to shed tears over fact that middle of roaders, such as Kimm Kiusic have little following and, therefore, would not be elected to any future Constituent Assembly where they could participate in deliberations looking toward establishment of a Korean Government. Growing out of this realization some commissioners now have tendency to criticize administration and police as responsible for this situation. They overlook fact that, while there are middle of road leaders, there is no sizable middle of road constituency. Koreans are by nature extremists, mostly either leftists or rightists and, due to division of country into zones, leftists are gravitating to the north and rightists to the south. Our estimate last summer was that approximately two-thirds of people in South Korea were rightists and one-third leftists. In view of Soviet attitude since that time and of stories which have been spread by refugees from the north, we believe that percentage of leftists in South Korea is now considerably less than one-third. The issue therefore between the two zones and the two segments of the Korean people is an ideological struggle between leftists and rightists. Nobody will get anywhere in finding a solution by bewailing fact that there is no middle of road party and by charging our administration and its police with responsibility therefore. The cause is natural outgrowth of clash between two ideologies which after all is chief source of friction between United States and Soviets.

6. Chinese commissioner Liu will attempt to persuade commission to include in it recommendations to Interim Committee suggestion that, if elections are held under UN supervision in South Korea, number of seats in future Constituent Assembly, proportionate to the population of North Korea (minus proportionate number for the one million refugees from North Korea now in South Korea) be held open for occupancy at any time North Korean authorities decide to join with the south. Liu feels this would be incentive for North Koreans ultimately to take such action.

7. French alternate Manet will press for inclusion of suggestion that Interim Committee call upon both American and Soviet authorities to "abolish 38th parallel" so that there may be free communication back and forth for inhabitants of North and South Korea. Insofar as US authorities are concerned, 38th parallel is no barrier in this respect, but it is a barrier from Soviet standpoint. Manet's idea is that such a recommendation would be refused by Soviets and such refusal constituted another disclosure of Soviet unwillingness to cooperate with UN commission (as if some new disclosure were needed?).

JACOBS

895.00/2-448

*Memorandum of Conversation, by Mr. John Z. Williams of the  
Division of Northeast Asian Affairs*

SECRET

[WASHINGTON,] February 4, 1948.

In reply to questions asked by Mr. Saltzman <sup>1</sup> and the others,<sup>2</sup> General Helmick <sup>3</sup> expressed the following opinions:

Providing the Command in Korea is requested to act soon, plans could be completed and elections initiated in a subdivision of south Korea prior to March 31. This would also necessitate amending the SKILA election law which requires an 80-day period between the announcement and the holding of elections. The General felt there would be no difficulty in this respect. By moving election teams (observers, security guard, etc.) from one subdivision (perhaps four in all) to another, elections could be completed in the whole of south Korea within one month. A 70% rightist dominated return can be expected, with those elected recognizing Syngman Rhee as their leader. In the probable event that Communist dominated leftists do not participate, Rhee dominated elements would control practically 100% of the votes. Moderate, or middle of the road elements would make a poor showing. Rhee has become increasingly irrational and any "government" he might head could be expected to reflect this instability.

With continuing U.S. aid, although on a diminishing scale from that now provided, south Korea could attain a marginal self-sufficiency, with perhaps an \$18 million annual deficiency, within five years. A unified Korea would have potential self-sufficiency within a shorter period, although with the rising birthrate, it could never attain a high standard of living. There are virtually no Koreans with the technical training and experience required to take advantage of Korea's resources, and effect an improvement over its present rice economy status.

Upon the withdrawal of U.S. occupation forces and the cessation of present supplies of coal from Japan, as well as food, oil, gasoline, etc. from the U.S., the transportation system of south Korea would cease to function within a week or ten days. Within two months, south Korea would be reduced to a "bull cart" economy. Some nine million non-food producers would face starvation.

With respect to troop withdrawal, General Helmick said that it would be extremely helpful for planning purposes, and for effecting an orderly turnover to Koreans, if Washington could supply definite

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<sup>1</sup> Brig. Gen. Charles E. Saltzman, Assistant Secretary of State for Occupied Areas.

<sup>2</sup> Nine others, including the Director and Deputy Director of the Office of Far Eastern Affairs (Butterworth and Penfield).

<sup>3</sup> Maj. Gen. Charles G. Helmick, Deputy Military Governor of South Korea.



directives, including dates. The General readily agreed that the difficulty in this respect rested with assessing unknown factors such as Soviet and Korean reaction to moves we might anticipate making. The General confirmed the thought that after elections had taken place many activities and responsibilities now borne by U.S. personnel could be transferred to Koreans. Also, he felt such action may not arouse as much suspicion of imminent withdrawal as similar steps might if taken now. The General also stated that it would be extremely helpful in planning and effecting a withdrawal, if it were known in advance that a substantial Mission could remain and be attached to the Embassy to phase out post-withdrawal responsibilities.

Earlier in the discussion, the General stated that the U.S. Command is doing everything possible to facilitate the work of the U.N. Commission. He agreed that it is to the interest of the U.S. that demands made by the Commission should be met even though, in some instances, they may appear somewhat unnecessary or embarrassing.

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501.BB Korea/2-548 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

CONFIDENTIAL

SEOUL, February 5, 1948.

55. Cite Zpol 134. At plenary session today Jackson (Australia) swung commissioners around to following viewpoint (except for China, Salvador and Philippines which continue to want elections with or without reference to Little Assembly) :

Refer entire matter back to Interim Committee in form of questionnaire, question number 1 being along this line: in view of situation now prevailing, does Interim Committee desire that commission carry out paragraph 4 of resolution 2 regarding establishment of national government, et cetera, and question number 2 being if free atmosphere for elections can be established in South Korea, shall commission proceed with implementing resolution 1 regarding consultation.

Thinking of the majority group, led by Jackson, is that no national government should be set up for South Korea alone; that if Interim Committee desires that elections be held in South Korea, the persons elected definitely should not constitute a government or national assembly, or anything more than group of representatives of South Korea to consult with UN, representatives from North Korea or anyone else.

Foregoing proposal, if adopted, would carry with it recommendation that Interim Committee act quickly so that final decision can be announced before March 1 and elections, if to be held, can be completed by first week of May before planting season begins. Commission meets

tomorrow morning at 11 o'clock to pursue matter further and if possible reach decision.

I have previously used the word "floundering" in describing commission's activities. I now wish to add that I feel they have fallen over backwards to the extent of being unfair in refusing to seek any expression of opinion from the members of the command and of State Department staff here familiar with Korean problem. The commissioners have definitely tried to keep Americans at arms length on the pretext that they did not wish to have the Soviets and the world feel that they are being unduly influenced by the Americans. Consequently the hasty decision which the commissioners seem on the verge of making is based almost solely on testimony given by politically immature Korean leaders who are continuing their shameful course of seeking political preference for themselves and completely overlooking the need for unity on a sensible, coherent plan for salvaging what may yet be salvaged for their country. I have done all I can, without making myself appear as abject suppliant, to persuade the commissioners in the few contacts I have been able to have with them to adopt a more realistic approach. Confidentially I have feeling that Australia and Canada are following instructions which are based on British policy which seeks to keep US tied up in Korea and their idea of best way to accomplish this is prevent elections for establishment of a government in South Korea.

[JACOBS]

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501.BB Korea/2-648 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SEOUL, February 6, 1948.

[Received February 19—7:26 p. m.]

57. Pol 1664. Following is text of press release No. 25 issued this evening after UN Commission adjourned at six o'clock:

"The eleventh meeting of the UN Temporary Commission on Korea, following a three day's debate on the subject of consultation with the Interim Committee of the General Assembly, adopted the following resolution:

"The UN Temporary Commission on Korea having considered that the negative attitude of the Soviet authorities with regard to the work of the Commission has made it clear that it will not be possible for the Commission to exercise, for the time being, the functions conferred upon it by the General Assembly under the resolution of 14 November 1947 in the part of Korea occupied by the armed forces of the Soviet Union;

That the General Assembly, in resolution II of 14 November 1947, paragraph five, authorized the Commission to consult with the Interim Committee with respect to the application of this resolution in the light of results of the work of its sub-committees and in particular the consultations held up to date by sub-committee two;

*Resolves*

(1) To consult with the Interim Committee with respect to the application of the resolutions of 14 November, in the light of developments; (2) the chairman, accompanied by the assistant secretary-general, shall represent the Commission during the consideration of this question by the Interim Committee; and (3) that in the accomplishment of this mission the chairman shall be guided by such directives as the commission may formulate.' ”

V. Hoo stated that he and Menon plan to leave for Lake Success about February 13; that an interim commission with temporary chairman will continue hearings and that Interim Committee will meet about February 23.

JACOBS

501.BB Korea/2-848 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SECRET

SEOUL, February 8, 1948.

61. Cite Zpol 154. Reference Seoul PolAd 57, February 6, my comments on action taken by Temporary Commission on Korea are as follows:

“1. It is regrettable that the Commission has failed to take bold realistic view of its job (only Chinese and French delegates have approximated that view) and has thrown matter back to interim committee. Clearly what is needed is an election at earliest possible date (realizing without further shedding of tears that such election cannot be perfect and that for time being at least north Korea is lost) so that there can be set up in south Korea a government to speak with authority for the 20,000,000 Koreans in south Korea. This having been accomplished the time and energy now being misspent by Korean leaders in bickerings, self-advancement, criticism of military government, can be devoted to better purposes. In addition to being able to begin constructive handling of south Korean problems, a south Korean government established under UN auspices would be in strong position to treat with north Korean leaders whenever the Soviets permit or Soviet control in north Korea relaxes or is relaxed.

2. Delay is what the Soviets want. Delay suits their purposes. Have already mentioned in Seoul PolAd 43, February 2, that Communist



saboteurs are here. This is in keeping with Soviet and north Korean Communist plans revealed to us last autumn by deserters from the north. We now have further proof of their presence as the Commanding General received yesterday afternoon notice of a strike by labor groups, text of which is being transmitted in next PolAd telegram. Acts of sabotage already committed will be reported in a separate telegram.<sup>1</sup> As tempo of sabotage increases, Rightists will begin to retaliate and terrorism increase as spectacle for UN Commission. Only action, quick action to hold elections can put this development in its proper perspective, viz: in a position to be handled by an elected south Korean Government working in cooperation with the United States and UN authorities.

3. The question which the Commission is referring back to the Interim Committee is simple, viz: shall the Commission proceed with observance of elections in south Korea alone regardless of whether resulting government is called a south Korean government or a national government for all Korea (in the hope that north Korea will join later). The only answer is yes. While Kim Koo, Kimm Kiusik and some other Korean leaders prattle about necessity for election for an all Korean government, they will jump on the band wagon as fast if not faster than any other leaders once they know that UN is determined to go ahead with elections in south Korea.

4. Accordingly recommend that Department exercise its best efforts to persuade (if such be possible) Secretary General Lie and the Interim Committee to instruct the Commission here that the presence of Chairman Menon and Victor Hoo is not needed to enable Interim Committee to reach decision on the question raised. I am sure that if Menon and Hoo return, especially Menon, extraneous questions will be raised of no pertinence to the major issue of early elections and the establishment of a government. Some of these extraneous questions are: charge that south Korea is a police state; suggestion that south Korean leaders must be consulted first; suggestion that police chiefs be removed and neutral aliens installed; suggestion that elections be held to obtain consultative representatives rather than for assemblment to establish a government; etc. These questions, if allowed an airing at UN, will merely becloud the main issue and befuddle the interim committee with resulting delays. It may even mean the breaking up of the Commission here as Victor Hoo will probably try to get out of coming back to Korea, the Syrian Djabi is talking of going back to New York on his own in the hope that he can proceed to his prospective post at Buenos Aires, Paul-Boncour will not continue to stay here long while the Interim Committee deliberates and Salvadoreans already restless.

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<sup>1</sup> Not printed.

5. I also want to mention again as I did in Seoul PolAd No. 55, February 5, that the Commission's decision to bring up in the Interim Committee the aforementioned extraneous questions is based on testimony which did not take into account the views of any American official here speaking officially. Few officials including myself have been able to get word in now and then during courtesy calls and at parties but such incoherent and incomplete statements are woefully unsatisfactory. Only after several strong efforts by us were high American and Korean officials heard. The Commission called General Hodge morning February 7, but his testimony, which was favorably commented upon, came after decision to refer back to Interim Committee. Reliable information is that Commission had no intention of hearing any Americans until after decision was made.

6. If Menon and Hoo do actually return to Lake Success, General Hodge and I feel that I should also return to be on hand in the event extraneous questions mentioned above are introduced by them and lead in the ensuing debate to a complete reconsideration of the Korean problem.<sup>2</sup> From attitude and positions taken by the Australian, Canadian and Indian delegates, we feel that such development may be sought by their governments and Great Britain.

7. If Department can keep debate to essential facts, all that is needed is simple directive to UN Commission to proceed with elections in south Korea for the purpose of establishing either a south Korean government or a "national government" which will necessarily be incomplete until the north Koreans can join. The language of this directive should be emphatic but simple so as to avoid ambiguities that exist in two present UN resolutions on Korea."

[JACOBS]

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<sup>2</sup> Travel orders were sent Mr. Jacobs in telegram 33, February 12.

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895.00/2-848 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SECRET

SEOUL, February 8, 1948.

63. Cite Zpol 153. Reference strike letter quoted Seoul PolAd No. 62, February 8,<sup>1</sup> following is tabulation up to 9 a. m. February 8 of resulting incidents: Total number of incidents: 105 (these include riots large and small, removal of rails, cutting of telephone lines, damaging transformers, et cetera); rail lines cut 4; trains derailed 1; locomotives damaged 50; and attacks on police boxes 21. The unconfirmed report of casualties for same period is police killed 4, police wounded 9, police captured 2, civilians killed 14, civilians injured 3, civilians arrested 150.

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<sup>1</sup> Not printed.

Whether this Communist outburst is merely a trial balloon for three days (period mentioned in letter to General Hodge) or will continue remains to be seen.<sup>2</sup>

JACOBS

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<sup>2</sup> In telegram 74, February 11, from Seoul, a summary of developments was reported, including killing of 12 police and 36 civilians (895.00/2-1148).

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501.BB Korea/2-948 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

RESTRICTED

SEOUL, February 9, 1948.

66. Cite Zpol 1284. For such value as it may have in persuading political leaders in hiding to appear before UN Commission, General Hodge issued on February 9 statement quoted below for radio and press dissemination. In this connection see General Dean's order quoted Seoul PolAd 28, January 29.<sup>1</sup>

"The United Nations temporary commission on Korea is anxious to consult with Koreans of all political beliefs and from time to time will issue invitations to selected individuals to appear before sub-committees of the commission.

As stated to the commission in my letter of 5 February 1948 I am in full accord with its efforts to get a complete picture of the political situation. I have directed all agencies of the South Korean Interim Govt and of my command to make every effort to insure that those individuals who are invited by the United Nations Commission and accept invitations to appear before that body be given every assistance in attending and will not be interfered with or be subject to retaliation by political opponents."

JACOBS

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<sup>1</sup> Not printed; Maj. Gen. William F. Dean was Military Governor of South Korea.

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501.BB Korea/2-948 : Telegram

*The Secretary of State to the Embassy in Australia*<sup>1</sup>

SECRET

WASHINGTON, February 9, 1948—1 p. m.

36. For your private info we learn that Assistant Secretary Hoo, Secretary of Korea Commission, on Feb 2 telephoned from Seoul to

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<sup>1</sup> Sent to USUN, New York, as 49; Damascus as 19; Manila as 176; Nanking as 208; New Delhi as 89; Ottawa as 20; Paris as 394; and San Salvador as 10; repeated to Seoul as 31. In the telegram to Ottawa, a final paragraph was added: "Foregoing sent capitals other countries represented on KC. Canada presents a particular problem in view of Prime Minister's instructions on role of Canadian member of KC. We are still hopeful, however, that position set forth above can be fitted into framework of Canadian instructions." A circular telegram on the same subject was sent on February 10, 1 a. m., to Seoul, Moscow, Warsaw, Prague, Belgrade, and Managua for information only and also to 50 other posts, including New York.



high Secretariat official of UN that KC by end of this week would probably refer two questions to Interim Committee for consultation on:

1. Extending deadline of March 31, 1948 by which date under GA resolution elections should be held in Korea; and
2. Expediency of holding elections at all, in light of anticipated Soviet refusal to permit election in Soviet zone.

Our present view is that even though KC may not be successful in observing elections through all of Korea it should observe elections in that part of Korea accessible to it, i.e., south of the 38th parallel where two-thirds of the population reside.

Until KC has made formal approach to IC we do not desire to undertake an official *démarche* with other members of IC. However, as occupying power in South Korea and as sponsor of GA resolution establishing KC we are desirous that it continue its labors and that elections under its auspices be held in south Korea.

Please informally inquire of appropriate officials in Fono if any word has been received from that Govt's representative on KC. You should lead conversation to point where, on a purely informal basis, you may communicate our hope IC will express view that KC may observe elections wherever conditions in Korea permit despite fact that Soviet obduracy may make fulfillment of Commission's original mandate impossible.

Please report results of this approach by telegram.

MARSHALL

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895.00/2-1048 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SECRET

SEOUL, February 10, 1948.

71. Cite Zpol 165. In recent conversations with someone whom we have reason to believe Rhee trusts implicitly and with whom Rhee therefore talked freely and without passion, he stated his present views substantially as follows:

1. Elections and establishment of government: Rhee admitted difficulty confronting UN Commission in holding elections in South Korea only but insisted as he always does that such elections must be held and threatened that if they were not held before this coming summer there would be much trouble from the rightists. Rhee's idea is that the elections should be for combination constitutional convention and parliament which should immediately draft constitution (he claims this can be done in four or five weeks) and establish a government thereunder, with the constitutional convention becoming the legislative body of the new government.

2. South Korea versus North Korea and USSR: Rhee recognizes overwhelming weakness of South Korea versus present North Korean government and its Soviet trained army and also that if USSR attempts to conquer South Korea with Soviet troops, South Korea's case is hopeless. He feels however that all good Koreans should accept this challenge and resist both North Korea Government, and USSR to the point of death in the struggle. He argues that with reasonable amount of assistance in the form of money and equipment from the US or UN for the building up of a South Korean army there is reasonable chance, upon withdrawal of Soviet and American troops, of a victory for the south. Rhee sincerely believes that most of the North Korean troops would not remain loyal either to the Soviets or to the stooge government in North Korea. When it was mentioned to him that the Communists in Poland, Yugoslavia, Bulgaria, Albania had been successful in establishing themselves in power with a well trained minority military force, Rhee seemed sincere in his belief that this situation would not occur in Korea.

3. Retention of American troops in South Korea: Rhee thinks that United States has real moral obligation to retain some US troops in Korea for a period after a South Korean government is established. In addition, he feels that such retention would serve best interests of United States in opposing the Soviets as it would guarantee the holding of South Korea for democracy. As regards size of such force, whether as at present or a smaller token force, he said that this was something for US Government to decide.

4. Kim Koo-Kimm Kiusic *rapprochement*: Rhee does not seem to have completely made up his mind as to his attitude toward the Kim Koo-Kimm Kiusic *rapprochement*. He is not happy about it but refrains from openly criticizing Kim Koo, apparently in hope that he and Kim Koo can still reconcile their differences. He is, however, outspokenly critical of Hankook Democratic Party for calling Kim Koo Communist.

5. General Hodge: Rhee still harbors resentment toward General Hodge. He said he could not go into all the intricacies of that question, stating that he had to hold someone responsible for US policy toward Korea and General Hodge was that person. Rhee was more bitter in commenting on General Hodge to a group of provincial police chiefs. To them he said that despite his (Rhee's) "treaty" with State Department, despite his personal support from General MacArthur and contrary to unanimous desire of Korean people, General Hodge alone had illegally stood in way of elections which would have put him (Rhee) in power. He told these police chiefs he did not know what means should be followed to get rid of General Hodge but inti-

mated that he was considering policy of open disobedience and mass strikes which would probably force US Government to remove Hodge.  
JACOBS

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895.00/2-1048 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

CONFIDENTIAL

SEOUL, February 10, 1948.

72. Cite Zpol 167. In recent conversation with someone whom he is believed to trust, Kim Koo expressed his views as follows:

1. Attitude toward other parties: Kim Koo came out rather strongly in stating that he would work with Kimm Kiusic and other middle of the road leaders. He said that their ideas for united Korea were basically same as his although in some ways their means of attaining this end might be different. He stated emphatically, however, that he could not cooperate any longer with Hankook Democratic Party as he regarded its members as collaborators and opportunists. With regard to Rhee, he stated he was in disagreement because Rhee advocated separate, sovereign south Korea Govt. Kim Koo's emphasis on this point lends color to belief that there is definite rift between him and Rhee.

2. Attitude toward UN commission: Kim Koo stuck to his proposals made before the UN commission. He reiterated that there must be meeting of leaders of both north and south Korea after withdrawal of both US and Soviet troops and that there could be no national election without participation of north Korean people. He feels, at least half seriously, that UN commission should go to Pyongyang in defiance of Soviets since he believes that the enthusiasm with which north Korean population would receive them would prevent the Russians from doing them any harm. This is another example of Kim Koo's naivete in really believing that Soviets will permit north Korean leaders to confer with southern leaders and that it is simple matter for UN commission to run Soviet gauntlet and actually get to Pyongyang without permission.

3. Cho Man Sik: Kim Koo stated that the most popular and outstanding Korean political leader was Cho Man Sik now held in custody by Soviets in north Korea. It is true that Cho is highly esteemed by all Koreans but Kim Koo's support of him is due probably more to fact Cho and Kim Koo are north Koreans by birth.

4. Manchurian plans: As he does at almost every interview, Kim Koo harped back again to his desire to obtain arms and other support from United States to enable him proceed Manchuria and join together his former followers of whom he says there are many to assist Chinese



in driving Communists out of Manchuria. Kim Koo sincerely believes that he can accomplish this but again in his child-like way he has no real concrete plans as to how he can accomplish his purpose. Whether his former followers would support him, how he is going to get arms and ammunition into Manchuria, the attitude of China, he has never considered.

5. To another interviewer Kim Koo expressed keen disappointment over developments and seems very pessimistic over possibility for success of any plans for Korea due both to conflicts between Korean leaders and major conflict between US and Soviets.

JACOBS

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895.00/2-1048 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

CONFIDENTIAL

SEOUL, February 10, 1948.

73. Cite Zpol 168. In recent conversation with two persons whom he is believed to trust, Kimm Kiusic has stated his present views as follows:

1. Rhee and Hankook rightist groups: he expressed considerable resentment against the Rhee and Hankook rightist groups because of their attempt to damage his political standing in the provinces by constantly alleging that he is tool of American military government, while on other hand same groups are telling Americans that he is Communist and pro-Soviet. In support of latter accusation, they cite his statement that both American and Soviet military forces should be withdrawn from Korea. He said these rightist enemies overlooked fact he had also said he did not favor withdrawal of American forces until after establishment of Korean Government with military force of its own reasonably adequate to protect itself. He added Rhee was more likely to sell out to Communists than either he or Kim Koo.

2. Kim Koo: he admitted he and Kim Koo now held certain common views but he tried to indicate that *rapprochement* with Kim Koo was not as strong as public believed by stating that he felt Kim Koo's lieutenant Cho Wan Koo influenced Kim Koo too much in favor of violence. He admitted, however, that he and Kim Koo had conferred before they appeared before UN Commission and that they had coordinated the proposals which they subsequently submitted to that commission. He confirmed reports that there is now definite breach between Kim Koo and Syngman Rhee which he believed would be permanent.

3. Elections: he stated positively that he opposed UN holding an election in South Korea at present time. He felt that General Assem-

bly mandate to commission was to hold an election in all Korea for a national government and that, if it were unable to do so because of Soviets, commission should report back to its parent, General Assembly, and get new mandate to go ahead in South Korea. He said that with such new mandate, UN would be more likely to recognize its continuing responsibility to safeguard the new state. From this statement, it might be inferred Kimm Kiusic and Kim Koo would support (rather than boycott as has been suggested) an election in South Korea if UN Commission has new mandate to proceed with such an election.

4. UN Commission: he believes UN Commission should be kept alive at all costs but it should go slow in reaching major decisions in hope world situation may break in a way favorable to Korea. He says that reference of problem back to General Assembly will take time during which US and USSR may be able to negotiate regarding troop removal (while a South Korean armed force of 100,000 is being organized and trained) and an opportunity present itself for North and South Korean leaders to meet to discuss plans for unifying Korea. He does not have high opinion of members of commission except Jackson who he says is "active and interested" and the Chinese who is "concerned". He calls French delegate "playboy"; says Salvadorean has no interest; states Syrian considers his country's problems more important and wants to go home; and the Filipino is concerned solely with home politics. He did not comment on Menon.

JACOBS

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501.BB Korea/2-1248 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

SECRET

NANKING, February 12, 1948—noon.

286. ReDeptel 208, February 9, 1 p. m.<sup>1</sup> Information reaching Foreign Office from its representative on Korean commission generally coincides with that from Department. Foreign Office reluctant at this time to commit itself on any specific course of action. Vice Minister stated that whole question is under review at present. He added that general principle which would govern any Chinese attitude would be that of opposition to any course of action which would seem calculated to increase Soviet influence throughout Korea as a whole or strengthen Soviet grip on northern zone. He said this principle would be followed even if it meant continuing occupation of the southern zone by US since the Russians, being what they are, would doubtlessly find ways

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<sup>1</sup> Same as telegram 36 to Canberra, p. 1098.

and means of infiltrating and acquiring a hold over southern zone should Americans withdraw at this time.

STUART

501.BB Korea/2-1248 : Telegram

*The Ambassador in France (Caffery) to the Secretary of State*

SECRET

PARIS, February 12, 1948—2 p. m.

783. Foreign Office officials responsible for French policy in United Nations informed me they have never had any illusions Soviets would change from position taken GA (General Assembly) discussions on Korean Commission. Therefore, in its original letter of instructions to French representative on KC (Korean Commission), Foreign Office instructed that if Commission unable enter Soviet zone he should insist that it complete its work in that part Korea accessible to it.

Foreign Office informed Commission split 4-3 on question consultation with Interim Committee with Boncour strongly opposing. Foreign Office feels no useful purpose will be served by reopening debate in IC (Interim Committee) but if this does take place French position will be that Commission should complete its work as far as possible (and if possible before March 31 deadline which Foreign Office does not consider unalterable) before reporting to United Nations (Deptel 394, February 9<sup>1</sup>).

Officials added Parodi<sup>2</sup> has copy Boncour's letter of instruction incorporating these views. As Parodi has adequate guidance, Foreign Office does not consider it necessary send him new instructions unless he requests them.

CAFFERY

<sup>1</sup> See footnote 1, p. 1098.

<sup>2</sup> Alexandre Parodi, French representative at the United Nations.

501.BB Korea/2-1248 : Telegram

*The Ambassador in Australia (Butler) to the Secretary of State*

SECRET

CANBERRA, February 12, 1948—3 p. m.

26. Urtel 36, February 9. ExtAff (External Affairs) feels that no useful purpose would be served by observing elections in South Korea only and that this would only worsen cleavage between US and Soviet positions. However, if Interim Committee decides otherwise, they do not expect to object to procedure it agrees upon. They appeared unmoved by Department's views.

BUTLER



501.BB Korea/2-1248 : Telegram

*The Chargé in the United Kingdom (Gallman) to the Secretary of State*

CONFIDENTIAL

LONDON, February 12, 1948—6 p. m.

540. (1) We discussed Korean question orally today with MacDermot, head Japanese Department, Foreign Office, imparting to him views set forth Deptcirtel February 10.<sup>1</sup>

(2) MacDermot said in Foreign Office view elections limited south zone might inevitably be proper but would have undesirable effect of emphasizing partition Korea. Foreign Office accordingly wished to be satisfied every means had been taken bring north and south Korea together before giving consideration supporting US proposals. In this relation Foreign Office wishes study any report and suggestions presented by UN temporary commission to Interim Committee, and it also wants ascertain whether Interim Committee still entertains any hope two zones can be brought together.

(3) In event temporary commission renders negative report and Interim Commission unable find alternative means implementing GA resolution, we feel UK will in end follow US lead.

Sent Department 540; repeated Moscow 18.

GALLMAN

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<sup>1</sup> See footnote 1, p. 1098.

501.BB Korea/2-448 : Telegram

*The Secretary of State to the Political Adviser in Korea (Jacobs)*

SECRET

WASHINGTON, February 12, 1948—6 p. m.

35. As you are aware we may at a later stage desire to take up again Soviet offer of mutual withdrawal of occupation forces. We assume that you will therefore through Mitchell or other appropriate channels consider advisability of discreet action to counteract such false statements as that referred to in last sentence urtel 47 Feb 4<sup>1</sup> that simultaneous troop withdrawal offer "was turned down".

MARSHALL

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<sup>1</sup> Not printed.

501.BB Korea/2-1248 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

TOP SECRET

SEOUL, February 12, 1948.

80. Cite Zpol 178. For the Secretary, Under Secretary and Butterworth only and such other distribution as they may direct. Following

are top secret observations on UN temporary commission on Korea and related matters:

1. Chinese delegate has (as I have reported otherwise) been playing Chinese "politics" in local political milieu by attempting to bring local leaders together and giving "face" to Kim Koo who is Korean leader favored by Chinese. This activity however has not given cause for concern and is not likely to do so as long as Chinese delegate continues to argue strongly, as he does, for proceeding with elections in South Korea and combatting efforts of other delegates to raise extraneous issues. This Chinese "interest" in Korean politics however needs to and will be watched.

2. The Filipino alternate Luna has been most helpful in the commission in presenting and arguing for early elections without reference to Interim Committee and in defending our administration and policy in South Korea against unjust and unfair criticism of certain other delegates.

3. French delegate Paul-Boncour and alternate Manet have also been helpful in taking strong stand for proceeding with elections and in defending our administration. However they usually abstain from voting on crucial matters largely, it seems, from a feeling that they do not want to take sides in what seems to be a conflict between British and US interests and what is obviously conflict between US and USSR interests.

4. Salvadorean Vallé generally supports US in commission debates on police and other conditions in South Korea but his approach to entire problem is that of lawyer, which leads him often to criticize ambiguities of UN resolutions and to say that UN commission here cannot continue to function without renewed mandate in more explicit language. Also he is homesick and does not feel that Salvador should be represented here.

5. Syrian delegate Djabi and his alternate Mughir are definitely opposed to proceeding with elections in South Korea and highly critical of our administration and conditions in South Korea. It is he who first raised question of release of political prisoners and who has argued strongly, siding with Jackson, for reporting back to interim committee that South Korean is a police state where no free atmosphere for elections exists. Already he is being quoted by Moscow and Pyongyang radios. He refers often to his experiences in prison as a political prisoner so that is difficult to say how much his attitude is due to his own unfortunate experiences and how much to real pro-Communist and pro-Soviet leanings.

6. The attitudes and position of the three remaining delegates, Jackson for Australia, Patterson for Canada and Menon for India, can

be dealt with together. They have all along constituted what might be called a "British bloc" or "anti-American bloc" with which the Syrian Djabi has, in my opinion, sided for reasons other than those which motivate this bloc. Also, I am not quite sure whether Menon is a member of this bloc for pro-British reasons or because he is a visionary and falls for the arguments of Jackson, Patterson and Djabi. In any case his statements at Lake Success are almost certain to be colored by the views of this group. Such statements will embarrass us and play into Soviet hands. Patterson's support of this bloc is somewhat negative in that, while he says little during the arguments and little outside, he always votes with Jackson and Menon.

7. Our big problem among the delegates is Jackson, the Australian. He is definitely anti-American and clearly came to Korea with the preconceived idea of "showing us up". From the beginning he has taken the lead in commission to find "dirt" on our administration here, under the guise of trying to discover whether a "free atmosphere" exists in South Korea for the holding of fair elections. He began his efforts even before giving commission time to consider whether it would hold such elections. He is still pursuing that course even though that question has not been decided and he expects to continue while interim committee is deliberating at Lake Success whether such elections will be held.

8. Following is background against which we attempt to evaluate Jackson's motives: First, we know that before he came to Seoul he had been in Japan for some time and he seems to harbor ill-will towards Americans, stemming from the general feeling of Australians that they were not given a larger role in Japan. He may wish to give vent to his feelings by criticizing our role in Korea. Second, we know on good authority that prior to his coming to Korea, he conferred frequently with Hugh Dean of *American Labor News*, Gordon Walker of *Christian Science Monitor*, Joe From of *World Report* and Costello of Columbia Broadcasting System who are known to be antagonistic to military government here and reported by all who know them to be leftist in their sympathies. This leads me to believe that Jackson himself may be a leftist sympathizer. Third, British Consul General here has said of Jackson "he is man of very strange and wild ideas, in many cases very radical". Fourth, he has been insistent that Menon take back to interim committee a report criticizing American administration here to the extent that when commission as a whole has opposed that course he has come around to it again and again in some other form. He is reliably quoted as having said on one occasion, when his proposal was defeated, that he certainly would get back to UN the situation with respect to police state conditions in South Korea and absence of free



atmosphere for elections. When, after General Hodge had appeared before commission (the only American who has appeared and he only after commission had decided to refer back to Lake Success), one member strongly supported General Hodge's remarks as a correct rebuttal of Jackson's arguments, Jackson remarked "sheer nonsense". Fifth, he has even questioned authenticity of recent Communist strike incidents but fact that Pyongyang radio has referred to them as leftist outbursts against UN and US administration, he cannot deny Communist responsibility.

9. There is also strong circumstantial evidence (not conclusive but sufficient to cause General Hodge and me concern) that some of our own people (State and War) may be feeding information to Jackson. Judging from reports of his remarks in the commission he certainly has more information than he has gotten from Korean leaders so far called to testify. Shortly after my return here I told our State officers that during critical period ahead all political activity should center in me as political adviser because some officers are inclined to be loose in their criticism of certain aspects of our administration here, especially the police. So far we can prove nothing. These cases may merely be usual cases of Americans who cannot distinguish between the propriety of discussing family secrets in the family and discussing them outside the family.

10. All of foregoing adds up to fact that General Hodge and I are very much worried about developments that may arise at Lake Success if Jackson has his way and Menon springs "extraneous" matters in Interim Committee. Accordingly unless Dept feels certain that it can control developments at UN, Hodge and I feel that I should be on hand to assist and advise in the difficult discussion which will ensue—discussions which may well change whole course of events here.

11. In submitting these observations neither General Hodge nor I want to convey any impression that we are seeking to hide anything here. We know that imperfections exist but we insist that unless and until UN is prepared to go ahead with elections in South Korea any criticism, however mild, of conditions in South Korea and of our administration here is not at issue. When UN decides to go ahead we shall spare no effort to take such remedial measures as UN commission may suggest to guarantee as free and fair elections as anyone can reasonably expect in the peculiar and trying circumstances that exist in South Korea.

12. Also in submitting these observations I wish to say that worst we fear may not happen because Doctor Liu, Luna and Paul-Boncour are putting up valiant fight in commission and the Jackson group

may not have its way. Situation however is so fraught with dangerous possibilities that both General Hodge and I feel we would be derelict in our duty if we did not advise you.

JACOBS

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501.BB Korea/2-1348 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

CONFIDENTIAL

SEOUL, February 13, 1948.

83. Cite Zpol 180. Learned this morning UN Commission after rather heated debate with Jackson and Djabi on one side and Liu and Paul-Boncour on other rejected proposals of Jackson and Djabi to submit to Interim Committee Subcommittee I report on unsatisfactory conditions in South Korea.

Commission then decided merely to request Interim Committee whether, in view of Soviet boycott, elections should be held in South Korea to choose consultative representatives under resolution 1 or to choose representative assembly under resolution 2.

Commission is now meeting to approve summary of proceedings of Subcommittee 2 (task of which is to examine documents received and secure statements from Korean personalities) and Subcommittee 3 (dealing with elections and election laws). These Menon will take with him.

JACOBS

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501.BB Korea/2-1348 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

CONFIDENTIAL

SEOUL, February 13, 1948.

84. Cite Zpol 181. With reference to report contained in Seoul PolAd 76, February 11th<sup>1</sup> of agreement between Kim Koo, Kimm Kiusic and Syngman Rhee, it is now confirmed that these three leaders have all agreed, and so advised UN Commission, that all three sincerely desire that UN supervise election for all Korea and with that in mind, all three will not press for immediate elections in South Korea until they themselves (not UN Commission) have made effort contact northern leaders with view to arranging meeting for purpose of devising plans for such an all-Korea election.

It is understood, however, that Rhee has only given his consent to this arrangement on understanding that if Interim Committee directs temporary commission proceed with elections in South Korea,

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<sup>1</sup> Not printed.

there will be no delay in making arrangements for such elections notwithstanding that efforts of three leaders to contact North Korean leaders may not have been completed.

JACOBS

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501.BB Korea/2-1448 : Telegram

*Lieutenant General John R. Hodge to the Secretary of State*

SECRET      PRIORITY

SEOUL, February 14, 1948.

Zgcg-190. Reference is made to my Zgcg 184, February 13. Jackson, Australian delegate, called on me yesterday afternoon, requesting that no other person be present and that no members of UN Commission be informed of his call. He seemed rather perturbed and confused and informed me that he was making trip to Tokyo at personal expense so he could get in touch with Mr. Evatt to inform him of the situation in Korea and the interior politics of the UN Commission. He expressed desire to talk to me before he left and stated that he was also going to call on General Hoo and talk the situation over with him. Jackson stated that every member of the delegation was acting strictly on instructions of his own government. Discussion brought out his opinion that some of the governments and, he felt, particularly his own, did not know enough about the Korean situation to give the detailed instructions they had given. He stated, in effect, that despite his defeat in his efforts to get Hoo and Menon fully instructed for their trip to Lake Success, that the commission now stands 5 to 3 against holding an election in South Korea alone. His discussion confirmed our belief here that the British bloc and the Syrian delegate definitely do not want to take any action that will allow US troops to withdraw from Korea until the foreseeable future. He stated that Djabi, Syrian delegate, is going back to UN (professedly for personal trip) in order to electioneer among the Moslems in the Little Assembly, and those friendly thereto, and if necessary to block US policy in Korea with hope that it will strengthen the Moslem's hand in Palestine. He strongly intimated that Syria will sell Korea "down the river" to gain Moslem advantage on the Palestine question.

Jackson displayed little knowledge of developments in Korea, although considerable information has been furnished to the commission on this subject. He seemed quite surprised when I informed him that the Soviets had announced on February 8 the formation of the North Korean Peoples Army and had held large review in Pyongyang of well organized, well equipped, and well armed Korean troops armed with Russian weapons, equipped with Russian transportation



and having considerable in way of heavy weapons and artillery. He had not considered the significance of announcements made by North Korean authorities relative to this army being the army for United Korea and their many announcements pertaining to their new constitution for all of Korea. He had not considered the probability of an early announcement of the North Korean Peoples Government, nor the probability that Soviet troops might withdraw unilaterally following that and leave behind a Korean Communist army capable of invading South Korea. Prior to my statements on this line he had expressed definite opinion that the Russians will soon give in in this area and allow reuniting of Korea. What he based this on beyond his personal opinion I could not find out.

Jackson was quite concerned about an army for South Korea and indicated that he would recommend to the commission that they demand an army of 100,000 in South Korea be formed. This, he admitted, would have to be armed, equipped and trained by the US. Was insistent in demands as to what the US intended to do along this line.

Early in the conference he informed me that even if the Little Assembly directed to commission here to go ahead with elections in South Korea, the members of the present commission under current orders from home would refuse to carry out this directive. He expressed his opinion that the Little Assembly would not give such directive. In brief, his entire attitude was that he and certain other members of the commission will do everything in their power to sabotage US desire to establish anything in South Korea that can take over sovereignty at present. His attitude is never to close the door to Russian cooperation, whatever that may be. Included in his ideas were a permanent set-up from UN here with the protection and security of US troops verging on UN trusteeship as I got it. So far as I can determine, no amount of information makes any impression on him with respect to the psychological need of the Korean people for some type of sovereign representative democratic government around which non-Communists in both South and North can rally.

During the past few days plenary sessions in the commission have been devoted entirely to attempts to get resolutions instructing representatives who would return to Lake Success. The final result, after several bitter fights and filibustering, was that delegates would return uninstructed.

Menon and Hoo called on me last night, ostentatiously to say goodbye before leaving this morning. Their call resulted in about an hour's conversation concerning the work of the commission and possible action by UN Little Assembly. Winnowed out from many words—mostly by Menon, accompanied by silent acquiescence and head nodding on the

part of Hoo—I gathered that Menon will carry the ball in representing the commission at Lake Success. I gathered also that he has unofficial mandate to favor election in South Korea of representatives of the people to confer with the UN Commission and the General Assembly; in other words, going to the fulfillment only of the first resolution which was passed in the General Assembly to block the Russian attempt to put off settlement for a year. He insisted that such an election would allow US to use these representatives in the formation of an interim government; that this could be carried out and the whole Korean question referred back to the General Assembly when it meets next year. I pointed out also to Menon and Hoo the probability of Soviet announcement of an independent North Korean government, with probable consequences.

My estimate of the situation is that delegates to the UN Commission on Korea, based on instructions from their government, will recommend and attempt to force a line of action that will hold US occupation in Korea indefinitely. In their conferences with Koreans they gathered support for this idea through the wide divergence of opinion of Korean politicians, whom they consulted. In view of the strife within the commission and the fact that delegates are definitely placing their national interests above any thought of the welfare of future of the Korean people, and the terrific impact that failure of positive action by UN will have on the helpless Koreans, I am of the opinion that if nothing positive and constructive comes out of the Little Assembly, it will be better in the long run to let the UN temporary commission on Korea die and withdraw now (even though this is the Soviet demand) than to let it fail of producing something concrete and for us to go ahead with unilateral government of South Korea, backing it fully and firmly. I am positive that if the Korean people get wind of the international horse trading that surrounds UN operations here, they will lose what confidence they have left in the representatives on the Korean Commission. If we further delay positive action in Korea by continuing to mark time strictly within the framework of agreements that are never carried out, as we have done for over two years, we will have no chance to salvage even a part of our Korean aims. If this occurs we will be a party to selling Korea into Communism, which is at present time definitely at its lowest ebb in the United States zone, but which can and will regain a heavy following if we continue to have nothing to offer in the way of popular government.

Jacobs has a good picture of this general situation and left this morning for Washington. His leaving was not preannounced and is reported to have been exciting to members of the commission remaining here.

(Personal to General MacArthur). If Jackson sees you I would greatly appreciate your analysis of his line of thought and your estimate of his future action.

[HODGE]

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740.00119 Control (Korea)/2-1748

*Memorandum by the Assistant Chief of the Division of Northeast Asian Affairs (Bond)*<sup>1</sup>

SECRET

[WASHINGTON,] February 17, 1948.

In endeavoring to assess the probable effect upon the forthcoming Interim Committee deliberations on Korea of the announced establishment of a "Democratic People's Republic" in North Korea, it seems to me not unlikely that one important effect may be to strengthen the hand of those who oppose the withdrawal of US occupation forces from Korea and who consequently espouse the view that developments since the adoption of the General Assembly Resolution of November 14, 1947 have rendered the provisions of that Resolution inoperative and that the whole question of Korean independence should therefore be returned to the GA for further consideration.

Should the view prevail in the IC that US withdrawal at this juncture in the face of developments in North Korea would prejudice the efforts of the UN to bring about a united and independent Korea, and should the IC therefore refuse to sanction further steps by the Commission in Korea which would set the stage for such a withdrawal, we would be faced with the necessity of reexamining our (the Army's) present intention to withdraw in any event before the end of 1948. Should the IC adopt such a position, we would, I believe, be very ill-advised to take any irrevocable steps toward unilateral withdrawal pending reconsideration of the problem by the GA, although the same objection would not necessarily apply to the mere holding of zonal elections in the US zone of occupation.

In the light of the foregoing, it seems to me that we should at least be giving some thought to the possibility that we may be obliged to persuade the Army to keep its powder dry so far as withdrawal is concerned, and to stand pat in South Korea at least until the next session of the GA, presently scheduled to meet in Paris in September of this year.

Quite apart from the question of what decision the IC may be expected to reach, it seems logical to me that if we plan to make one

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<sup>1</sup> Submitted to the Director and Deputy Director of the Office of Far Eastern Affairs (Butterworth and Penfield) and to the Chief of the Division of Northeast Asian Affairs (Allison).



more serious effort to bring about the withdrawal of Soviet occupation forces from North Korea, it would in any event be in our interest to be still in effective occupation of South Korea at the time of the convening of the next session of the GA.

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501.BB Korea/2-1748 : Telegram

*The Acting Political Adviser in Korea (Langdon) to the Secretary of State*

CONFIDENTIAL      PRIORITY

SEOUL, February 17, 1948.

91. Cite Zpol 200. 1. It is learned that in course of debate at 14th plenary session of temporary commission (Seoul PolAd number 85<sup>1</sup>) Patterson of Canada proposed resolution as follows:

In event Interim Committee directs temporary commission to go ahead with paragraph 2A

(1) That temporary commission can inform authorities in South Korea, without interfering with US responsibility or control, to proceed with elections under temporary commission observation to elect representatives to be invited for interview by the General Assembly;

(2) That free air for elections must be created by authorities;

(3) That temporary commission examine carefully and make revision where necessary of ["?"] the existing election laws in order that they may be compatible with such laws sanctioned by free UN nations." Paul Boncour tried unsuccessfully to kill measure by referring it back to subcommittee but discussion was so prolonged that session ended without conclusive action thereon. Part of debate dealt with Djabi's resolution concerning "free air for election" and attendant discussion (see Seoul PolAd number 83, February 13) which was off the record. Luna wanted précis of this discussion and was disconcerted when told "off the record" really meant off the record. Thus there would seem to be no official record of this debate.

2. At ensuing 15th session yesterday Patterson reintroduced motion for passage of this resolution above but motion seems to have died natural death in meeting. At this session commission instructed subcommittee 2 to begin interviews with Americans (no names announced) and directed subcommittee 3 to complete its recommendations for an acceptable election law. Remainder of session taken up with discussion of expenses for election operations, including printing and airdropping of leaflets and secretariat was directed to negotiate question with command.

3. I met Patterson by chance yesterday evening and in course of long talk he brought out following: In light of developments commission can properly make three recommendations to Interim Committee: (a) to withdraw or dissolve commission since it cannot execute resolution; (b) to authorize commission to observe election of representa-

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<sup>1</sup> February 13, not printed.

tives for consultation with General Assembly under resolution 1; (c) to consider other measures. Under recommendation (c) arrangements by commission for conference of northern and southern leaders would be specifically proposed. There was preponderant sentiment in commission favoring recommendation (b) as it had most merit from following standpoints: it would keep UN in Korean picture and Korean question active in General Assembly, inasmuch as commission after completing election of consultees (elected representatives would select consultees among selves) could offer its services to USSR for same purposes, recalling that it was Russians' own idea that elected representatives take part in General Assembly discussion. If Russians rejected offer there was no reason why they themselves could not conduct election of such representatives. In any event refusal to abide by their own proposals would put Russians in bad moral position. Moreover, US could utilize representatives elected under UN observation for its own purposes, as legislature, constituent assembly of national or interim government, etc. Menon will probably advocate adoption by interim committee of this course.

4. Patterson's efforts during 14th session to obtain colleagues' support of his resolution suggests that opinion within commission is not so preponderantly in favor of election of General Assembly consultees only as Patterson claims. It suggests also that Menon may not be speaking for a united commission when he advocates, as he probably will, an election of consultees only. From Patterson's failure to make any mention of commission's likelihood of supervising an election as envisaged in paragraph 2 of second resolution, as well as from hints from secretariat members, I gather no commissioner except the Chinese and perhaps Philippine has any thought of advocating seriously that the commission be party to establishment of a national government in South Korea. Apparently home governments see no point in antagonizing Russia in an issue of no vital interest to them. Indicative further that Menon is planning to engineer recommendation for an election of consultees only was Patterson's inquiry whether we expected outbreaks on March 1st (chief day for Korean patriotic manifestations) and whether an announcement on or before that date would ease our difficulties with the population or whether it would be too disappointing to them.

5. Pyongyang announcement of North Korea plebiscite in March on draft provisional constitution of democratic people's republic of Korea, which was released February 10th, also advertisement of Korean People's Army (see PolAd number 75, February 11<sup>2</sup>) may upset outcome anticipated by Patterson of Interim Committee hearing. However against possibility may not, suggestion is offered that Department begin thinking of an announcement on or before March 1st,

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<sup>2</sup> Not printed.

paralleling a possible UN announcement of a consultee election, to effect that United States plans to use same individuals elected in such elections for purpose of forming an interim government in South Korea.

Please forward copy to Jacobs.

LANGDON

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501.BB Korea/2-1848 : Telegram

*General of the Army Douglas MacArthur to the Secretary of State*

CONFIDENTIAL

TOKYO, February 18, 1948.

Cx 58695. For Hodge [and] State Department for Jacobs: Jackson of Australia has informally discussed with me his concept of Korean situation which he has presented to his government for appropriate action.

He proposed that, "in order to establish permanent security in the south United States Command continue its plan without interference till May 1948, that the commission be withdrawn temporarily and that it return to re-examine the situation at that time and, if advisable, to continue its original task.

"Commission could strengthen United States Command by recommending appropriate action based upon expert advice concerning such matters as constitution, police, election procedure, security organization.

Final issue visualizes south strong enough to allow simultaneous withdrawal armed forces.

United Nations Assembly must not be involved in local politics. Should make identical recommendations to north and south, leaving way open to Russians to participate at any stage. United States position becoming progressively stronger."

He is returning to Korea shortly.

[MACARTHUR]

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501.BB Korea/2-1848 : Telegram

*The Secretary of State to the United States Representative at the United Nations (Austin)*

SECRET

WASHINGTON, February 18, 1948—7 p. m.

73. Dept has given careful consideration to British inquiry as set forth in Jessup's<sup>1</sup> telephone call to Sandifer<sup>2</sup> as to our attitude on

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<sup>1</sup> Philip C. Jessup, member of the U.S. delegation at the United Nations.

<sup>2</sup> Durward V. Sandifer, Deputy Director of the Office of United Nations Affairs. Memorandum of telephone conversation not printed; telegram 183, February 18, 5:25 p. m., from New York, reporting the same conversation, not printed. (501.BB Korea/2-1848)



a temporary postponement of IC consideration of report of Temporary Korea Commission. As we understand it FonOff London has been informed that Canadian and Australian Delegations would oppose holding elections in South Korea; Canadian delegate would probably be withdrawn if Canadian view was rejected in Korean Commission; and in these circumstances FonOff wonders whether US would agree to adjournment of IC to permit time for informal discussion.

Attitude of Canadian Govt on this point has been known for some time while for your private info Australian delegate on KC seems to have come to Korea bent on proving that our administration in South Korea is that of a "police state".

You are authorized at meeting of IC Feb. 19 following presentation by Menon of KC's report to agree to a brief adjournment in order that the report may be studied by members of IC. Such adjournment should under no circumstances extend later than Feb. 24. We have not altered in any way our considered view that IC should advise KC to get on with its job and observe elections in such parts of Korea as are open to it. We intend firmly to oppose attitude of Canadian and Australian delegates and desire that you use utmost endeavors to bring other delegations to our point of view.<sup>3</sup>

Sent USUN. Repeated London 550, Ottawa 73, Canberra 46, Seoul 45.

MARSHALL

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<sup>3</sup> A briefing book with appropriate position papers prepared by the Department for the use of the U.S. delegate on the Interim Committee is filed in the master files of the Reference and Documents section of the Bureau of International Organization Affairs (IO), Department of State, under title "Interim Committee, Consultation with the Korean Commission, February 1948".

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740.00119 Control (Korea)/2-1848: Telegram

*The Acting Political Adviser in Korea (Langdon) to the Secretary of State*

SECRET      PRIORITY

SEOUL, February 18, 1948.

[Received March 6.]

93. Cite Zpol 275. Reference Seoul PolAd No. 92, February 17, from Mitchell.<sup>1</sup> General Hodge addressed following letter, dated February 17, to Guard Lieutenant General G. P. Korotkov, Commanding General, Soviet forces in North Korea, Pyongyang, Korea, which is being delivered probably late today by American liaison officer now en route Pyongyang:

"Dear General Korotkov: I have been informed by Major Richard C. Biggs, one of my liaison officers at your headquarters, of a series

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<sup>1</sup> Not printed. Reginald P. Mitchell, Assistant to the Special Assistant to the Secretary of State for Press Relations (McDermott), was detailed on January 19 to UNTCOK.

of incidents which occurred on the morning of 18 [8] February 1948, and which were reported to your chief of staff, General Shanin, by letter dated 9 February from Major Darrell G. Costello.

The incidents involved Korean civilians, Korean constabulary men and officers of the so-called Korean People's Army for whose conduct you are responsible. The incidents were observed by various Soviet army officers and enlisted personnel who took no action although they know that you are responsible for the protection of my liaison officers from all manner of rowdiness.

These incidents constitute insult to the United States Army as well as to its accredited representatives.

I insist that you immediately make an investigation of the conduct of the Korean and Soviet army personnel involved and punish those who are guilty. I further insist that you give me adequate assurance that such incidents will not happen again.

In the meantime, this matter is being referred to my government for appropriate action.

Respectfully, John R. Hodge, Lieutenant General U. S. Army, Commanding."

Information that General Hodge has made protest is being released to press late today. In light of last paragraph, Department may wish lodge formal protest in Moscow.

LANGDON

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501.BB Korea/2-1848 : Telegram

*The Acting Political Adviser in Korea (Langdon) to the Secretary of State*

PRIORITY

SEOUL, February 18, 1948.

96. Pol 1638. From Mitchell for Schuler.<sup>1</sup> Following is statement by Lieutenant General John R. Hodge, Commanding General United States Army Forces in Korea, issued here tonight.

"The United Nations Temporary Commission on Korea, through its subcommittee II, desired to make contact, if practicable, with the following persons in the fulfillment of its task of consulting with all sections and shades of Korean opinion: Mr. Huh Hun, Mrs. Yoo Yawng Choon, Mr. Paik Yong Hi, Mr. Kim Won Bong, and Mrs. Haw Sawng Taik.

Although the first named, Mr. Huh Hun, is wanted by the Korean police for the offense of instigating riots in South Korea, the authorities will suspend the order of arrest for a period of time from 19 February to include 28 February, to permit his appearance before subcommittee II of the United Nations Temporary Commission of Korea.

No order of arrest exists or is contemplated at present in the cases of Mrs. Yoo, Mr. Paik, or Mr. Kim. Arrangements are being made for

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<sup>1</sup> Frank A. Schuler, Jr., Associate Chief of Area Division V (Occupied Areas).

UNTCOK interview with Mr. Haw if he so desires. He is at present serving sentence following conviction in Seoul District Court, and is due for release on 19 February.

It is directed that every effort shall be made by all concerned to insure that no retaliatory action is taken by political opponents against any of the persons named."

VOUSA can capitalize on this with interpretive comment stressing as further evidence US full cooperation with UN. Huh Hun is chairman South Korean Labor Party and chairman Democratic People's Front while others are leaders in various other labor, farm, et cetera groups. All are Communists.

LANGDON

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501.BB Korea/2-1948 : Telegram

*The Acting Political Adviser in Korea (Langdon) to the Secretary of State*

CONFIDENTIAL

SEOUL, February 19, 1948.

97. Cite Zpol 211.

(1) Confidential talks 17 February with Rhee and Kimm Kiusic separately by representative of command amplify information in Seoul PolAd's 76 and 84, February 11<sup>1</sup> and 13, dealing with alleged three-man agreement.

(2) Rhee last week drafted 8 point declaration for all party approval. Point 1 affirms desire for national independence. Point 2 appeals to UN to intervene in setting up sovereign free nation. Point 3 recognizes need for US economic aid. Point 4 denies right of any foreign government to restrain any portion of people from taking part in establishment their government but point 5 promises to keep open in such government place for such restrained elements. Point 6 favors continuing efforts to bring about conference of northern and southern leaders. Point 7 expresses wish of new Korea state to join UN. Point 8 prays Little Assembly to make positive decision and announce it before March 1st.

(3) Rhee states Hankook Party and his 9 main groups signed and sealed declaration but Kim Koo and Kimm Kiusic did not. Adds that when Menon paid farewell call 12th, declaration bearing seals and signatures given to him with assurance Kimm Kiusic and Kim Koo had agreed to sign it also. Menon is said to have stated he did not need to see Kim Koo's and Kimm Kiusic's seals and signatures on document, said two men had already expressed views similar to Rhee's. However, Menon reportedly added if two men adhere formally to

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<sup>1</sup> No. 76 not printed.



declaration fact should be radioed him although he was convinced such proof of unanimity was unnecessary since there was no doubt about in mind of himself and Koo [*Hoo?*].

(4) Doctor Kimm on 17th denied truth of above presentation of case and intention on his or Kim Koo's part at any time to sign declaration because of implicit request to UN in point 2 to set up separate state in South Korea. He admitted there was agreement on 12th among three men as follows: he and Kim Koo would make effort to bring about joint conference with northern leaders and Rhee on 13th would issue press statement belittling conference so as to disassociate himself from it in minds of North Koreans because of his bad standing with them. It was understood further that no common decision on any further step would be taken until after final Interim Committee action. Doctor Rhee, in fact, on 13th declared publicly he had little use for proposed conference but was no longer opposed to it if it did not adversely affect a national election. Subsequently *Stars and Stripes* published interview with Rhee to effect inferentially three men were in agreement over separate South Korean Government. Accordingly on 17th Doctor Kimm issued public statement flatly denying he advocated setting up sovereign state in South Korea and declaring without reunion north and south independence for Korea is an economic impossibility and a political fiction. Statement added that for UN to give hasty blessing to a government in American Zone and call its mission accomplished would be an abandonment of clear moral duty.

(5) Command representative then showed Doctor Kimm translation of Pyongyang draft constitution of Korean People's Republic (Seoul PolAd 94, February 18<sup>2</sup>). Kimm was aghast and declared he now had no hope of joint conference project. He said formal request to Soviet commander to facilitate conference had, however, already been delivered to Soviet liaison officer here for transmission. Doctor Kimm continued, if US Government was serious about backing a national government in South Korea, with firm intention of giving it economic aid, military protection and arming it, he would support such government without reservation. He, however, would not commit himself as long as US was vague about its intentions. His idea of military protection was demonstrations of force such as carrier fleet visit to Greece whenever people's army threatened South Korea. He indicated concern about his political position if he should express ideas as above publicly, as he holds followers on platform of no separate government and as they would suspect him of having sold out to Rhee. Doctor Kimm feels crisis as fateful as in 1905 faces Korean people. Therefore, he is prepared to abandon his objection to disunion if exist-

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<sup>2</sup> Not printed.

ence of separate government in South Korea can be maintained. He projected calling of "secret council of war" by General Hodge to be attended by himself, Rhee, Kim Koo and one or two others, to go over grim realities of situation and adopt common policy. General Hodge proposes to look further into this proposal. An estimate now of how far US would go to maintain independence of South Korea would be useful guide to him.

LANGDON

501.BB Korea/2-2048 : Telegram

*The Ambassador in the United Kingdom (Douglas) to the Secretary of State*

SECRET

LONDON, February 20, 1948—3 p. m.

647. 1. We found opportunity last night discuss Korean situation informally with Foreign Office officials handling problem. Foreign Office view is Soviets have organized northern zone whereby [whereas?] southern zone bordering on chaos. Moreover, Foreign Office has strong impression US will soon withdraw forces South Korea. Having drawn foregoing conclusions, it clear UK has "written off" Korea as lost to Soviets.

2. Re UN proceedings, Foreign Office aware Canadian and Australian attitude. Foreign Office still adheres view set forth Embtel 540, February 12, namely UK unable determine its position IC meeting until it has considered Korean Commission report. Foreign Office has not yet had time study Menon's report, but we inclined to belief Foreign Office not likely support US position pending further efforts on part IC bring north and south Koreans together. Meantime Foreign Office hopes week end adjournment IC will afford opportunity for delegates canvass situation privately in endeavor reach satisfactory solution, for Foreign Office feels open division in IC can only benefit Soviets.

Repeated Moscow 25.

DOUGLAS

895.00/2-2048 : Telegram

*The Acting Political Adviser in Korea (Langdon) to the Secretary of State*

SECRET

SEOUL, February 20, 1948.

100. Cite Zpol 214. General Hodge spent 3 futile hours last night in an attempt to obtain some degree of unity among Syngman Rhee,

Kim Koo and Kimm Kiusic. He reports that in his opinion there is no basic accord among them on any subject other than a vaguely expressed desire for "independence".

Rhee is the only one who will put it on the line for an election in South Korea. However, the conference left no doubt in Hodge's mind that if the UN Little Assembly gives the mandate to the UN Temporary Commission on Korea to observe elections in South Korea, Kimm Kiusic and Kim Koo will go along. Neither could present even a rudimentary plan in solution of the current impasse with the Soviets but flatly refused to say they favor elections now in South Korea alone, standing on their statements at UN Temporary Commission on Korea conferences. Hodge finally gathered from these two that although they see no solution other than an election in the south they will not say so since to make any such statement would brand them as traitors who helped to seal off the south from the north apparently losing sight of the fact that the north is now sealed off and may soon boil over into a helpless south. However, both made definite commitments so that if the Little Assembly directs that UN Temporary Commission on Korea go ahead with elections in South Korea they will support and go with this action.

Kimm Kiusic was still harping on lack of definite policy by the United States and is more hysterical than ever concerning establishment of security forces.

Hodge has just received request from Kimm Kiusic for him and Kim to call on Hodge this afternoon.

LANGDON

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895.00/2-2048 : Telegram

*The Acting Political Adviser in Korea (Langdon) to the Secretary of State*

SECRET      US URGENT

SEOUL, February 20, 1948.

103. Cite Zpol 218. For Jacobs: Reference Deptel 46, February 19th.<sup>1</sup> Rozier<sup>2</sup> at time carefully examined material and reported no passage therein affecting substance PolAd 75, February 11th.<sup>1</sup> This confirmed by scrutiny just completed. Citation for your statement was report of proceedings of 4th plenary session of North Korea People's Council February 7th, broadcast same date from Pyongyang. Last item in proceedings was proposal by chairman of council Kim Doo Bong (concurrent chairman of constitution drafting committee) that draft constitution be referred to people for discussion. Kim's pro-

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<sup>1</sup> Not printed.

<sup>2</sup> John W. Rozier, Vice Consul at Seoul.



posal was put in form of motion and carried unanimously. Substance of motion as follows:

"1. With a view to having the will of all the people reflected, the provisional constitution drafted by the Provisional Korean Constitution Drafting Committee should be referred to the people for general discussions;

2. That a special session of the People's Assembly be convened in the middle of March 1948, for the purpose of discussing and adopting the provisional Korean constitution."

There have been no broadcasts indicating any change in or intention to proclaim republic prior assembly action above plan.

At least not since 15th (date of latest intercepts at hand) when Pyongyang announced following: "The Korean Provisional Constitution Drafting Committee released the following bulletin at 5 p. m., February 13 on the public discussion of the Korean provisional constitution draft: 'The whole of the Korean people, whoever they are, are requested to study and discuss fully the provisional constitution draft of the Korean Democratic People's Republic announced by this committee on February 11. If there are supplements or amendments after studying and discussing the constitution draft, it is requested that they be presented directly to this committee by each group or individual.

Signed Chief Secretary Kim Taek Yong of the Korean Provisional Constitution Drafting Committee. Date February 13, 1948. Office of the North Korean People's Council, Special City of Pyongyang.'"

North Korean People's Council same thing as North Korean People's Assembly used herein and in PolAd 75.

New subject. Reference PolAd 100, today General Hodge met Kimm Kiu Sik on behalf purportedly of himself and Kim Koo. Their position unchanged that they will support any UN sponsored election but will initiate nothing themselves. Foregoing stand not affected by Menon address.

LANGDON

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895.00/2-2048 : Telegram

*The Secretary of State to the Acting Political Adviser in Korea  
(Langdon)*

CONFIDENTIAL US URGENT WASHINGTON, February 20, 1948—8 p. m.

51. Reference 3rd para Deptel 46, Feb 19,<sup>1</sup> following is full text of remarks of American representative concerning Brazilian motion for adjournment, to which you may give full publicity if felt desirable:

"Mr. Chairman: The delegation of the US would like to exercise its privilege of explaining its vote on the motion which has just been

<sup>1</sup> Not printed.

passed. Because of our conviction that the Korean question is one which urgently requires the attention of the IC, we have supported this motion, which has just been passed, with very great reluctance. Our support for the motion has been due to the considerations set forth by the distinguished representative of Brazil in making his motion and by the Chairman of the Committee. We recognize that all of us will wish to study carefully the written text of the very full statement of the distinguished Chairman of the UN Temporary Commission on Korea. Our acquiescence in this motion has in no sense been due to any doubts in our minds upon the central issue before the committee, because we have no doubt that the Korean Commission should proceed to carry out the tasks outlined by the General Assembly in its second resolution, and we shall be prepared to give the reasons for our view when the Committee meets again".

MARSHALL

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501.BB Korea/2-2148 : Telegram

*The Secretary of State to the Embassy in the United Kingdom*

SECRET      US URGENT      WASHINGTON, February 21, 1948—6 p. m.

616. Rep Brit Emb told this afternoon that Dept believes it important for UK rep Lake Success to receive instructions soonest on Korean question before IC and that Dept does not concur with FonOff views as outlined your 647 Feb 20. Brit rep was told US rep IC would make statement at Tues meeting in response to Menon's in which he would strongly urge US view that it is "incumbent upon" and "open to" UN Temporary Commiss on Korea under the Resolution of the GA which appointed it to proceed quickly and comprehensively with its task and that the Commiss might therefore proceed in consultation with occupation auths who are ready to assist them to decide upon election laws and procedures thereunder, to designate voting areas and fix the dates on which elections will be held and that Commiss might announce purpose of the elections is to choose reps who will constitute a Natl Assembly of Korea with whom the Commiss may consult and which reps may establish a Natl Govt of Korea. It was pointed out that in view of size of the Commiss it might announce that elections would be observed seriatim in the several areas or zones perhaps beginning in the southern provinces and working northward until the task is completed. It was stressed that if it should prove impossible to continue with observations north of the 38th parallel nevertheless  $\frac{2}{3}$  of Korean people would have been able to elect their proportional share of the members of a Korean Natl Assembly.

It was also pointed out that according to best and most recent info available to Dept a decision by the IC to instruct the Commiss only to hold elections for a consultative body would not be satisfactory to the majority of the Korean people. The occasion was also taken to correct the FonOff view reported in para 1 of your 647 that the southern

zone of Korea is "bordering on chaos". It was admitted that conditions are not perfect in south Korea but it was firmly denied that the state of affairs could be described as chaotic.

Importance of the IC reaching a decision if possible prior to Mar 1 was also stressed. Not only does this date have considerable meaning to the Korean people in connection with their struggle for independence but also it is believed important that the UN be able to announce definite action prior to the Sov sponsored plebiscite on a constitution in north Korea scheduled for early Mar.

Dept desires above views be emphasized to FonOff officials concerned with expression of the hope that UK Delegation to IC will be authorized to support US position.<sup>1</sup>

MARSHALL

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<sup>1</sup> In telegram 678, February 23, 4 p. m., from London, the Department was informed that the British Foreign Office had "intended no disparagement US administration its zone." (895.00/2-2348) Telegram 714, February 25, 4 p. m., from London, reported that the British had sent instructions that day to New York "generally to support US position". (501.BB Korea/2-2548)

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501.BB Korea/2-2248 : Telegram

*Lieutenant General John R. Hodge to the Secretary of State*

SECRET      PRIORITY

SEOUL, February 22, 1948.

Pass to Jacobs. Cite Zgeg 223. Menon's report to UN interim assembly dropped on the Koreans with a dull and disheartening plop. The best thing about it is that he used so many words to say nothing that the Koreans do not understand what it is all about and will need several days to dig out and to understand that so far as the UNTCOK is concerned, Korea is to be left just where it was last September, except that the Soviet Zone will soon have an openly recognized satellite type govt. Menon's reported departure from his set piece to deprecate any significance of the rapidly moving events in the Soviet Zone is typical of the general failure of UNTCOK to understand in any degree the "cold war" as waged in Korea since our occupation started.

Failure of UNTCOK to take any positive action or stand, its interference and fumbling in local politics, the patent lack of real interest in Korea on the part of some delegates, and the very determined effort on the part of some other delegates to aggrandize and build up the Communist elements has greatly lowered its initial prestige and broken up the confidence in and backing given to it by political leaders (except Communist) when it arrived. I have had an opportunity to study some of the hearings before sub-committee I and II, which are completely dominated by Patterson and Jackson, respectively. Questioning of witnesses is clearly intended to bring out the preconceived ideas of these two and the usual pattern is to read into the record at the end of



each conference their own willful interpretation of and their own conclusions of witnesses statements, selecting what fits their own ideas and discarding or discrediting the remainder. In general, the Patterson-Jackson pattern of thinking is that civil liberties and freedom in South Korea are not on par with stable Canada and Australia, respectively, therefore it is impossible to hold any elections. Neither has any concept or consideration of the bitter "cold war" against communism that goes on here and neither seems to understand that there is no sovereign Korean Government to guarantee a free election. The overall picture appears to be one of general appeasement of Soviet Russia by most delegates and all the secretariat.

With the disintegration of their initial confidence and hope that UNTCOK would lead them out of the wilderness, the Koreans are now beginning politically to scatter again. The Communist slogan of "immediate mutual withdrawal of US-USSR troops" is growing in volume and popularity. Kimm Kiusic informed me in confidence that his federation of "middle of the road parties" is coming under Communist control and that he has "resigned" in the effort to get it back in hand, but has little hope of so doing. The fight is in the open on the floor of the legislative assembly where the rightists are trying to put over a resolution asking the Little Assembly to direct an election in South Korea under Resolution II and the "middle of the road" and leftist elements are fighting it down. Extremely harsh words and the lack [*sic*] of physical violence (both unusual on the floor) have passed frequently. Part of this fight against elections in South Korea is definitely Communist activity and part of it, including current opposition by many really patriotic Koreans, is due to a quirk of psychology that leads them to feel that if on their own initiative they demand election in South Korea, they are demanding a permanent split of their nation and fall in the traitor category. This patriotic, nationalist class does not face the fact that their country is already split. However, all of them I have been able to reach say that if the UN Little Assembly directs an election in South Korea they will co-operate fully. The Communist-controlled group including Lyuh Woonhong, Won Sei Hoon, Whang Chin Nic, Chang Kun Sing, etc., who constitute the leftist fringe that was given big face as leaders by UNTCOK sub-Committee II are taking advantage of the confusion to join the Communist chant for the withdrawal of both forces. They are reported to be meeting today with several hundred of their comrades and followers to approve resolutions to that effect.

With this growing confusion and a soon to be announced sovereign national Korean Government in North Korea, which the Communist stooges in South Korea will hold up to an ignorant people in South Korea as their "own democratic government established by the people

themselves", we may as well prepare for a great resurgence of Communist influence in South Korea. In fact, I am ready to say it has already started, aided not a little by the great concern shown for Communist opinion on the part of UNTCOK, as well as UNTCOK's patent fumbling and indecision.

It is my opinion that any further delay in positive action in South Korea will be fatal. If the Little Assembly shows indecision, we must be prepared to take direct action to establish a Korean Government in South Korea and back it strongly, including adequate security. If the "Little Assembly" decides to proceed only to carry out Resolution I by the General Assembly, I recommend that we immediately announce that the representatives thus elected will be utilized to form a Korean Government to operate in the United States Zone in the interim.

See also my Zgceg 190 dated 14 February 1948.

[HODGE]

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501.BB Korea/2-2448 : Telegram

*The Secretary of State to the Embassy in India*<sup>1</sup>

RESTRICTED      US URGENT      WASHINGTON, February 24, 1948—noon.  
 NIACT

117. According to Indian Delegation IC Indian Govt misunderstands exact US position re Korean issue now being discussed. Menon states Indian Delegation requested instructions allowing it support US position which is that UN Korean Commission should observe elections in that part of Korea accessible to it for a national assembly, the members of which may establish a national government of Korea. According to Menon Indian Govt replied that US position as outlined by AmEmbassy is that US wished elections for an assembly and government for south Korea alone and that as Indian Govt could not agree to this Indian Delegation would not be instructed to support US position.

Please see appropriate officials at once and state that US Delegate IC in speech this morning will take following position :

In view of US it is "open to" and indeed "incumbent upon" UN Korean Commission under Resolution of GA which appointed it to proceed with its task quickly and comprehensively and that following course of action would be in accordance with letter and spirit of GA Resolution; Korean Commission should proceed in consultation with the Occupation authorities who are ready to assist them, to decide on election law and procedures, designate voting areas or zones and fix date on which elections will be held, announce purpose of elections to choose representatives who will constitute a national assembly of

<sup>1</sup> Repeated to USUN, New York as 82.

Korea with whom the Commission may consult regarding prompt attainment of freedom and independence of Korean people and which representatives may establish a national government of Korea. It will be suggested that due to small size of Commission and its staff elections might be observed seriatim in the several areas or zones beginning in southern provinces and working north. If it should prove impossible for observation of elections to be continued north of 38th parallel result would nevertheless be that two-thirds of Korean people would have elected their proportional share of the members of a Korean national assembly and the one-third who would be denied the opportunity to seat their representatives would know where the blame lay. A Korean national assembly however would exist even if all its seats were not filled and the government established by that assembly would then as contemplated in the GA Resolution be in a position to consult further with the Commission concerning the implementation of the remaining provisions of the Resolution. US Delegation will submit to IC a draft Resolution embodying these ideas.

The ultimate objective of the US in Korea is the establishment of a unified and independent nation under a sovereign and democratic government. The US does not favor the perpetuation of the arbitrary division of the country at the 38th parallel, and hopes and believes that any governing authority which may result from UN intermeditation, although perhaps established at the outset only in south Korea, will prove to be a force for the unification rather than for the division of the country.

Dept earnestly hopes Indian Delegation may be instructed to support US position.<sup>2</sup>

MARSHALL

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<sup>2</sup> Telegram 158, February 26, 11 a. m., from New Delhi, reported that the Indian delegation at the UN had been instructed to follow a policy "in substance" the same as that proposed by the U.S. Government (501.BB Korea/2-2648). Records of the Interim Committee are found on microprint in IO files, and records of conversations between the U.S. and other delegations on IC relating to Korea are found under US/A/AC 18 of IO files.

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501.BB Korea/2-2448 : Telegram

*The United States Representative at the United Nations (Austin) to the Secretary of State*<sup>1</sup>

NEW YORK, February 24, 1948—6:30 p. m.

206. Following is text of resolution submitted to IC February 24 by Jessup:

"Whereas the Chairman of the UN Temporary Commission on Korea, accompanied by the Acting Secretary General, consulted the IC on the following questions:

'1. Is it open to or incumbent upon the Commission, under the terms of the GA resolutions of 14 November 1947, and in the light

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<sup>1</sup> Repeated by New York to Seoul as 203, February 23, 6 p. m.



of developments in the situation with respect to Korea since that date, to implement the programme as outlined in Resolution II in that part of Korea which is occupied by the Armed Forces of the USA?

2. If not,

(A) Should the Commission observe the election of Korean representatives to take part in the consideration of the Korean question, as outlined in Resolution I of 14 November 1947, provided that it has determined that elections can be held in a free atmosphere? And,

(B) Should the Commission consider such other measures as may be possible and advisable with a view to the attainment of its objectives?'

The IC,

Bearing in mind the views expressed by the Chairman of the UN Temporary Commission on Korea;

Deeming it necessary that the programme set forth in the GA resolutions of 14 November 1947 be carried out and as a necessary step therein that the UN Temporary Commission on Korea proceed with the observance of elections in all Korea, and if that is impossible, in as much of Korea as is accessible to it; and

Considering it important that the elections be held to choose representatives of the Korean people with whom the UN Temporary Commission on Korea may consult regarding the prompt attainment of freedom and independence of the Korean people, which representatives, constituting a national assembly, may establish a national government of Korea;

Resolves

That in its view it is incumbent upon the UN Temporary Commission on Korea, under the terms of the GA resolution of 14 November 1947, and in the light of developments in the situation with respect to Korea since that date, to implement the programme as outlined in Resolution II, in such parts of Korea as are accessible to the Commission." <sup>2</sup>

AUSTIN

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<sup>2</sup> Telegram 58, February 26, 6 p. m., to Seoul, reported that the UN Interim Committee that day passed unamended the American resolution by a vote of 31 to 2 (11 abstaining) (501.BB Korea/2-2648). For text of UN Doc. A/AC.18/31, adopted February 26, see Department of State *Bulletin*, March 7, 1948, p. 297.

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895.00/2-2448 : Telegram

*Lieutenant General John R. Hodge to the Secretary of State*

SECRET

SEOUL, February 24, 1948.

Zgcg 225. Pass to Jacobs. Reference is made to State Seoul 52, February 20.<sup>1</sup>

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<sup>1</sup> Not printed.

I have just identified AP story about which complaint is made through its appearance in *Stars and Stripes*. Believe it stems from fact that Roberts of AP saw me late Friday afternoon February 20 on the plea of admitting he has been off the beam on his earlier story indicating that the Communist government for all Korea was *fait accompli* and requesting my assistance in getting his thinking straight. He had been absent from the conference of 16 February and had written from second hand information, so I agreed to discuss informally and entirely off the record certain aspects of North Korean developments. Mention of Menon's comment was Roberts' statement that apparently Roberts' original story had caused some misunderstanding, to which I agreed. Certainly there was nothing said to bear out that it was an "interview on or tied to Menon's statement" or that I had in any way criticized or was quarreling with Menon's opinion. The story he wrote, particularly tying it to an interview on Menon's statement, appears to be a definite breach of confidence.

However, it seems appropriate in this connection to summarize briefly for your information certain recent events that present themselves for analysis of Soviet intentions and that cannot be brushed aside. These are as follows:

A. The 8 February fiesta at Pyongyang was in celebration of the second anniversary of the establishment of the Communist government set up in North Korea under the "great leader" Kim Il Sung. There can be no question from all the mass of evidence, but that there is a separate Korean Government of North Korea which is a going concern, and that it is the North Korean development of the "Korean People's Republic" which we encountered taking over governmental functions in South Korea when the occupation started.

B. Within a few days after the UN General Assembly passed the Resolutions on Korea, the North Korean Radio (official voice) released a strong barrage against the UN Commission entering Korea and the North Korean Government openly announced that a drafting committee was being assembled to draw up a constitution for a Korean government with many side announcements by official spokesmen that the constitution would be for all of Korea united. The United States occupation was attacked because it had refused to recognize the Korean People's Republic people's committees existing in the southern zone when we arrived in September 1945.

C. On 8 February, the Korean People's Army was unveiled to the world in connection with the second anniversary celebration of the North Korean Government. The army was physically presented by review of a large representative force. Official speakers for the occasion eulogized it as the army for all Korea and called upon South Koreans to accept it as their army.

D. South Korean Communists were ordered to carry out a general strike and sabotage program for three days 7-9 February coincidental with the 8 February celebration. This was praised by North Korean Radio as an "uprising of the people".

E. On 10 February the North Korean Government broadcast to the people for study and discussion the draft of a new constitution which in its details of wording leave no question but that it is intended as the national constitution of all Korea. Preceding this step, coincidental with it and following it have been official statements that it will be approved around mid-March.

F. Official broadcasts since 10 February, further eulogize the Korean Army and go to great length to describe the scores of meetings of the people to discuss and praise the new constitution.

From the foregoing, there can be but one conclusion, namely, that the Soviets are moving rapidly to transform the *de facto* North Korean Communist Government of North Korea into a "national" Korean government that can and may be recognized by at least some of the satellite states as the Government of Korea. A corollary conclusion drawn from the timing of these events cannot but be that this move is in direct defiance against UN authority to take action in the Korean case. There seems little doubt but that these steps will be carried on to conclusion. Even if UN should withdraw from the local scene, the official stand in North Korea is so far committed that it would be well nigh impossible to recant, and the completion of the maneuver can be used as an added means to bring pressure on the United States to meet the Soviet mutual withdrawal proposal and to hamper our efforts at stabilization in South Korea along lines presented in previous messages on this subject.

[HODGE]

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501.BB Korea/2-2548 : Telegram

*The Acting Political Adviser in Korea (Langdon) to the Secretary of State*<sup>1</sup>

PRIORITY

SEOUL, February 25, 1948.

111. Pol 1858. The following messages to Secretary-General<sup>2</sup> UN passed to you for delivery if deemed appropriate and necessary.

1. "The United Council for the Establishment of the Independent Korean Government, composed of one hundred and eighty political parties and social organizations, supports the first alternative, referred by Dr. K. P. S. Menon, chairman of the UN Temporary Commission on Korea, 'to observe elections, which will necessarily be confined to South Korea, and to facilitate the setting up of government in South Korea, to be recognized as the national government of Korea.'

"It is our sincere wish that the honorable representatives of the Interim Committee would adopt it.

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<sup>1</sup> Repeated to USUN, New York, as 88, for Jacobs.

<sup>2</sup> Trygve Lie.



"Signed the United Council for the Establishment of the Independent Korean Government."

2. "In behalf of the Directorate of South Korea Government, I have the honor to submit through you the following message to the Interim Committee of the United Nations:

"The Korean people are deeply grateful to the United Nations for the historic steps taken in achieving Korean national independence. Our deep appreciation is due to Dr. Menon, chairman of UN Temporary Commission on Korea, in his speech delivered to the Interim Committee on February 19. However, we are totally disappointed with the second recommendation that an election be held to constitute representative Korean group for consultation purposes. We are strongly in favor of holding, in the zones where it is possible to hold, a general election that will lead to the establishment of a national government. Further, we desire to emphasize that this is, in our belief, the general feelings of an overwhelming majority in South Korea. In order to pioneer our national fortunes at this critical juncture, we need a strong national government constituted by the will of the people, and recognized by the United Nations. Signed Ahn Chai Hong, Civil Administrator.'"

LANGDON

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501.BB Korea/2-2648 : Telegram

*Lieutenant General John R. Hodge to the Secretary of State*

SECRET

SEOUL, February 26, 1948—8:45 a. m.

Zgceg 241. This is brief report of personal conferences with Jackson of Australia and Patterson of Canada, delegates on UNTCOK.

Jackson requested personal interview on 24 February in which he attempted to justify his attitude and operations as a delegate of UNTCOK, appearing at times to be apologetic in efforts to rationalize his position. In so doing he gave the impression that most of the apparent confusion in UNTCOK was engineered by him, particularly the legalistic bickering that has confused some of the delegates and also gave impression that he would continue in efforts to dominate the commission, taking advantage of weak-spined attitude of several delegates. He made many protestations of friendship and admiration for the US efforts in Korea, but showed great determination to delay any solution and an utter lack of realism in viewing the situation in Korea. Said the Little Assembly would not vote for the American stand and his attitude indicates to me that if it approves our stand, he, Jackson, will do all he can to sabotage the work of UNTCOK here, even though he stoutly maintained that UNTCOK should stay in Korea.

Patterson and Mrs. Patterson were the only guests at dinner at my quarters and talk was more informal with less official flavor than with

Jackson. However, several interesting things came out that were worthy of note, mostly in the measure of the man himself:

A. Patterson is the number one outspoken apologist for Soviet Russia and for communism that I have encountered in many months. He says we have not studied and approached communism sympathetically; that there is much good in the ideology or it would lose its following; that capitalistic nations must adjust ourselves to it and adopt many portions of it, particularly in the economic field and in the social reforms expressed in the creed; that all his contacts with Communists and Russians have been pleasant and favorable; that Russia's attitude toward the United States is due to a real fear of American expansionism and imperialism (which he himself apparently believes exists in fact and is a bad influence in the world).

B. He is an all-out idealistic Socialist who apparently believes the world will break up unless there is some radical change in the capitalistic system.

C. He, personally, is against elections in south Korea because "they will result in reactionary rightists getting in and they will maintain themselves in power for years to come." This and other similar expressions explain his great concern over the views expressed by the spokesman of the leftist-fringe Communist infiltrated parties (all of whom are now openly demanding immediate withdrawal of both forces).

D. He states that UN cannot afford to "side with the United States against Soviet Russia on the Korean question" and like Jackson ignores the factual situation in Korea and shows a belief that the Russians will give in.

E. He openly admits that his and Jackson's maneuvering in UNTCOK are definite appeasement of Russia tactics and that he is in favor of appeasement "so the Russians will lose their fear and will cooperate."

F. He brushed off the "Canada spy ring" as merely a normal quest for needed war information.

Jackson and Patterson have been teamed up since arrival here to balk UNTCOK in furthering United States mission. Apparently both have read all the Mark Gayne (*Chicago Sun* and *PM*), Gordon Walker (*Christian Science Monitor*), Hugh Dean (*Telepress*, *ALN*, *Daily Worker*, *New Masses*) line and, upon arrival, set out to prove that it is true. Jackson has been most active and based on statements made to me I believe he will stay here and make all the difficulties he can, in case Little Assembly backs up United States position. However, Jackson has not openly followed and talked the "fellow traveler" attitude displayed by Patterson. Patterson has dropped hints that he has advised Canada to have no part in UNTCOK if any of its actions might offend Russia. He is leaving Seoul for Tokyo on Friday. Although he told me he will return in about one week. I doubt if he will do so in case UN decision is against his ideas.

[HODGE]

501.BB Korea/2-2748 : Telegram

*The Secretary of State to the Acting Political Adviser in Korea  
(Langdon)*

US URGENT

WASHINGTON, February 27, 1948.

59. In event Gen. Hodge feels it would serve useful purpose in Korea, Dept would have no objection his issuing statement along following lines:

"My Government welcomes the action of the Interim Commission of the United Nations in adopting its resolution of February 26 expressing its view that the United Nations Temporary Commission on Korea should proceed with its task as stated in the resolution of the General Assembly adopted on November 14, 1947 in such parts of Korea as are accessible to it. My Government is happy to renew its pledge of the full support and cooperation of the United States authorities both in Korea and in Washington for the successful conclusion of those tasks. This development is in keeping with the declared objectives of the United States with respect to Korea and the Korean people: (1) To establish a self-governing, sovereign Korea as soon as possible, independent of foreign control and eligible for membership in the United Nations; (2) to insure that the national government so established shall be fully representative of the freely expressed will of the Korean people; and (3) to assist the Koreans in establishing a sound economy and adequate educational system as essential bases of an independent, democratic state".<sup>1</sup>

MARSHALL

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<sup>1</sup> Telegram 123, March 2, from Seoul, reported that General Hodge had issued the statement on February 28, but had changed point (3) to read: "To assist the Koreans in establishing a sound economy essential for an independent, democratic state." (501.BB Korea/3-248)

501.BB Korea/3-148 : Telegram

*The United States Representative at the United Nations (Austin) to  
the Secretary of State*

CONFIDENTIAL      PRIORITY      NEW YORK, March 1, 1948—2:45 p. m.

228. For Rusk and Butterworth from Wainhouse.<sup>1</sup> The following is text of letter Chairman of IC<sup>2</sup> is sending to Chairman of UNTCOK:

"As Chairman of the IC of the GA, and in accordance with the instructions of the committee, I have the honour to bring the following to your attention:

"As you are aware, upon receipt of the resolution by which the UNTCOK decided on 6 February 1948 to consult with the committee

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<sup>1</sup> Col. David W. Wainhouse, Associate Chief of the Division of International Security Affairs.

<sup>2</sup> Luis Padilla Nervo, of Mexico.



with respect to the application of the resolutions of the GA of 14 November 1947 in the light of developments, the IC opened its consideration of the matter on 19 February 1948.

“During this first meeting the resolution adopted on 11 February 1948 by the UNTCOK in connection with the questions on which the IC was to be consulted (document A/AC.19/34 which you transmitted to me on behalf of the commission), was brought to the attention of the members of the committee as document A/AC.18/27. At the same meeting the committee heard the comprehensive statement which you made on the development of the situation in Korea and on the work accomplished by the UNTCOK since its establishment by the GA (document A/AC.18/22). The documents mentioned in your statement were also communicated to the committee.

“Later, after an interval of several days to allow for a careful study by each of its members of all the facts brought to their notice, the committee, during its sixth, seventh, and eighth meetings, on 24, 25, and 26 February respectively, engaged in a detailed examination of the application of the GA resolution of 14 November 1947 in the light of developments.

“At the close of its eighth meeting on 26 February 1948 the committee adopted the following resolution:

“(The resolution will be inserted here in full.)

“At its following and last meeting devoted to this consultation on 27 February 1948, the committee recognized that the advice sought by the UNTCOK was best met by the definite answer given in the above resolution, rather than by amplifying it to incorporate all of the reasons on which it is based.

“However, in order to bring to the notice of the members of the temporary commission the relevant considerations it had in mind upon reaching its conclusion, the committee agreed that such information should be summarized in the present letter of notification. In addition, the committee agreed that this letter should be accompanied by the summary records of the consultation which contain all of the views expressed by members of the committee.

“In deciding to answer in the affirmative the first question propounded by the UNTCOK, the IC had in mind the following main considerations in addition to those stated in the resolution whereby it expressed its views:

‘1. The elections to be observed by the UNTCOK should be held in a free atmosphere wherein the democratic rights of freedom of speech, press, and assembly would be recognized and respected. In this connection, the IC took note of the assurance given by the representative of the US that authorities of the US in Korea would co-operate to the fullest extent to that end.

'2. The national assembly to which representatives are to be elected would be a stage in the formation of a Korean Government, the form of which is to be determined by the Korean people themselves. In reaching this conclusion, the IC noted that the representatives constituting the national assembly would be entirely free to consult with the UNTCOK and to carry on such negotiations as they wished with any other Korean groups which might not have participated in the elections, regarding the form of government to be established and the participation of those groups therein. The IC entertained the hope that in these consultations and negotiations, the Korean representatives in the national assembly would be able to secure through their efforts the full cooperation in their government of all Koreans. The IC was confident that all peaceful methods of persuasion would thus be used to the greatest possible extent for the attainment of Korean unity.

'3. The IC recognized that the UNTCOK itself has the authority and discretion to discharge its duties in Korea wherever and to the extent that circumstances permit.'

"It is the firm belief of the committee that it has reached its conclusion with a real understanding of the complexities involved in the problem. It was animated by the spirit of the UN Charter and the intention of helping the Korean people toward the achievement of their national independence and unity. It was keenly sensitive to the legitimate aspirations and to the noble qualities of the Korean people and wished, through its advice, to contribute to the realization at the earliest possible date of a free, united, and democratic Korea."

Please relay to CGUSAFIK, Seoul, for Political Adviser.<sup>3</sup>

AUSTIN

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<sup>3</sup> This was done the same day.

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501.BB Korea/2-2848 : Telegram

*The Secretary of State to the Acting Political Adviser in Korea  
(Langdon)*

RESTRICTED      US URGENT      WASHINGTON, March 3, 1948—6 p. m.

65. For Langdon and Mitchell: Inference urtel 115, Feb 28<sup>1</sup> is that adoption US-sponsored resolution by IC is interpreted by Koreans as triumph for those who favor creation separate south Korea at expense of Korean unity, and that those elements who are against permanent partition of Korea are planning to boycott if not actively oppose elections held pursuant to that resolution.

Dept considers it of greatest importance it be made amply clear Korean people and their leaders US proposal in IC and latter's adop-

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<sup>1</sup> Not printed.

tion thereof were animated by desire contribute creation united and independent Korea and immediate purpose of projected elections is to establish basis for eventual unification country on democratic basis. As is clearly evident from the record, IC was mindful at all times of importance of doing nothing which would prejudice Korean unity, and acted favorably on US resolution only because it was convinced that at present juncture such action would contribute most to attainment of that goal.

It would be considered unfortunate if Rhee or anyone else were permitted create impression in minds Korean people that proposed elections are designed serve purpose of those who would subordinate eventual unity of Korea to immediate creation of separate south Korea, and if moderate elements or other important segments of south Korean electorate were to boycott elections on that account.

MARSHALL

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740.00119 Control (Korea)/3-548

*Memorandum by the Director of the Office of Far Eastern Affairs  
(Butterworth) to the Secretary of State*

SECRET

[WASHINGTON,] March 4, 1948.

[Subject:] Withdrawal of U.S. Occupation Forces from Korea.

It will be recalled that on February 26, 1948 the Interim Committee of the General Assembly approved a United States-sponsored Resolution expressing the view that the United Nations Temporary Commission on Korea, to which access to Soviet-occupied north Korea had been denied by the "negative attitude" of the Soviet Government, should nevertheless proceed with the implementation of the program set forth in the General Assembly Resolutions of November 14, 1947 in such parts of Korea as may be accessible to the Commission.

It will be further recalled that that program envisages the holding of elections under the observation of the Commission, the creation of a National Assembly by the elected representatives, and the formation by that Assembly of a National Government which will then proceed, in consultation with the Commission, to carry out the following further steps—

- a. to constitute its own national security forces and to dissolve all military or semi-military formations not included therein;
- b. to take over the functions of government from the military commands and civilian authorities of north and south Korea;
- c. to arrange with the occupying powers for the complete withdrawal from Korea of their armed forces as early as practicable and if possible within 90 days.



On the basis of the present intention of the Commission and the U.S. Command in Korea to hold elections on or about May 9 next,<sup>1</sup> it is estimated that the proposed National Assembly (minus representatives from north Korea) may be convened in early June and that a government can be expected to emerge in about July or August.

While the United States may be considered committed under the terms of the Resolutions of November 14, 1947, to withdraw its occupation forces from south Korea as soon as practicable after the formation of a "national" government and if possible within 90 days, it is also morally committed by the spirit as well as the letter of those Resolutions (and this is a very real commitment in the minds of most of the other members of the United Nations) to withdraw only after the creation of reasonably adequate native security forces, and under circumstances which will bequeath to the newly established government at least an even chance of survival. This means primarily two things: first, that we cannot at this time establish a firm time table for the withdrawal of our occupation forces from south Korea, and second, that the timing of such withdrawal will be importantly affected, if not determined, by the success of our efforts to bring into being effective native security forces as a condition precedent to our withdrawal. It also means that, in addition to the latter step, we will be obliged to take measures which will prevent the economic collapse of south Korea which would promptly and inevitably ensue should we make no provision for a continuation of at least a minimum of relief and rehabilitation assistance following our withdrawal.

It is probable almost to the point of certainty that the Korean problem will be brought up for reconsideration by the General Assembly at its next scheduled session in September of this year, and it is reasonable to assume that the authority of any views which we may wish to put forward at that time will bear a direct ratio to the extent to which it is felt that we have carried out our commitments, moral and otherwise, under the terms of the Resolutions of November 14, 1947.

(It is perhaps superfluous to refer here to the obvious implications, in terms of the conflict between United States and Soviet interests in the Far East and the world at large, of a withdrawal by the United States from south Korea on a "scuttle and run" basis.)

#### *Recommendations:*

Accordingly it is recommended:

1. That the Department of the Army maintain flexibility in its plans for the withdrawal of occupation forces from south Korea pending the outcome of anticipated further developments in Korea.

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<sup>1</sup> For proclamation of March 1 by Lt. Gen. John R. Hodge at Seoul and for text of his statement issued on March 4, see Department of State *Bulletin*, March 14, 1948, pp. 344, 345. These were sent in telegrams 126, March 3, and 127, March 4, from Seoul. (895.00/3-348, 3-448)

2. That the Department of the Army expedite to the fullest extent possible its program for the training and equipping of south Korean security forces with a view to the formation of a well-trained and equipped force of appropriate size. (Present plans call for a force of 50,000, while General Hodge has suggested a figure as high as 100,000 men.) This will require decisive action at a high level in the Department of the Army to ensure that the requisite equipment is forthwith made available.

3. That the necessary legislative steps be taken to assure the continued availability of Army funds for the relief and rehabilitation of south Korea after the withdrawal of U.S. occupation forces. (A separate memorandum on this subject is on its way to you.)<sup>2</sup>

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<sup>2</sup> In a memorandum on March 9, Mr. Butterworth reported to the Secretary of State that the Legal Adviser (Gross) had informed him that "amending language designed to accomplish the purpose envisaged" by this paragraph "has already been embodied in the pending omnibus bill (S. 2035) on relief to occupied areas", so that a further memorandum on the subject would not be submitted (740.00119 Control (Korea)/3-948).

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740.00119 Control (Korea)/3-548

*Memorandum of Conversation, by the Chief of the Division of Northeast Asian Affairs (Allison)*<sup>1</sup>

TOP SECRET

[WASHINGTON,] March 5, 1948.

Subject: Withdrawal of US Occupation Forces from Korea

Participants: The Secretary

Mr. W. W. Butterworth, Director, FE

Mr. J. E. Jacobs, Political Adviser to US Commander,  
Korea

Mr. Arthur Bunce, Economic Adviser to  
US Commander, Korea

Mr. J. M. Allison, Chief, NA

Supplementing the attached memorandum,<sup>2</sup> Mr. Butterworth explained to the Secretary that as a result of the action of the Interim Committee of the General Assembly of the UN on February 26, 1948, an election will be held in the American zone of Korea on May 9 in order to choose members of the national assembly which in turn may form a Korean government and thereafter, in consultation with the UN Temporary Commission on Korea, proceed with negotiations for the setting up of a Korean national security force, the taking over of the functions of government from the occupation authorities, and the complete withdrawal from Korea of occupation forces as early as practicable and if possible within 90 days. It was explained that

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<sup>1</sup> Initialed by Mr. Butterworth.

<sup>2</sup> *Supra*.

while a Korean government might be set up by August, 1948, it was probable, in view of the very real concern in the minds of other members of the United Nations as expressed privately during the session of the Interim Committee, that the United States, which is morally committed by the spirit and letter of the UN Resolution, would be able to withdraw only after the creation of reasonably adequate native security forces and under circumstances which would give the newly established government at least an even chance of survival. This would mean that there cannot be established at this time a firm time table for the withdrawal of occupation forces from south Korea and that the timing of such withdrawal may well be determined by the success of US efforts to bring into being an effective native security force as a condition precedent thereto. Concern was expressed at the attitude of the Department of the Army which tended to establish a hard and fast time table for US troop withdrawal which if adhered to might go against US best interests. It was also pointed out that while the Department of the Army was proceeding with plans for increasing the Korean constabulary to a strength of 50,000 men it was placing the equipping of such a force at such a low level of priority there was danger that an adequate force could not be trained and equipped in the time available. It was requested that, if the Secretary agreed with the considerations advanced, the Department of the Army be approached at a high level to insure that it maintain flexibility in its plans for the withdrawal of occupation forces from south Korea pending the outcome of anticipated further developments. It was also requested that the Department of the Army be encouraged to expedite its program for the training and equipping of south Korean security forces.

The Secretary asked specific questions with regard to the present state of Korean armed forces and their equipment. He was told that the constabulary at present consisted of approximately 25,000 men most of whom were armed with either Japanese rifles or American carbines, but that there was little if any heavier equipment such as machine guns, mortars or automatic rifles. In response to the Secretary's query as to how the Korean forces and equipment are paid for it was pointed out that the Korean troops are paid in local currency taken from the budget of the South Korean Interim Government and that the equipment had been to date furnished from US sources. In view of the fact that the Korean constabulary had not from the beginning been trained under American officers who would have been able to indoctrinate the native soldiers with habits of command and discipline, the Secretary expressed grave doubts as to the feasibility of building up a native Korean force in the south in the time allotted



which would be at all comparable to the force existing north of the 38th parallel. The Secretary then stated that he would like to advance for consideration the possibility of recruiting native Koreans for service directly in the US Army in Korea where they could be under US Army discipline and training under US officers and non-commissioned officers until such time as capable Koreans could be developed to take over command posts. The Secretary asked for opinions as to the general feasibility from a political standpoint of such a project. He explained that this would enable the US Army to meet its manpower shortages in Korea with a minimum of expense and would at the same time train a large number of native Koreans who could be incorporated into a Korean security force upon the final withdrawal from Korea of the US Army. It was generally agreed that this proposal had great merit and deserved serious and immediate exploration as to its practical possibilities. It was further agreed that if this proposed action were undertaken careful consideration would have to be given to methods of approaching the Koreans and to any public announcements of the action being taken in order to provide for the minimum of misunderstanding among Koreans as well as members of the United Nations.

At the close of the meeting the Secretary stated that he agreed whole-heartedly that the Department of the Army should be requested to maintain flexibility in its time table for the withdrawal of troops and that he would look into the problem of expediting equipment as well as have further explored the possibilities of incorporating native Koreans into US Army forces in Korea.

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895.00/3-348 : Telegram

*The Secretary of State to the United States Representative at the United Nations (Austin)*

CONFIDENTIAL

WASHINGTON, March 5, 1948—7 p. m.

114. Reference Seoul's 126, March 3.<sup>1</sup> While effect General Hodge's proclamation necessarily confined to territory of his command, Temporary Commission Korea will wish maintain assurance that election may yet be nationwide if Soviet authorities northern zone will assent. Request you discuss with Secretariat possibility latter's transmitting to Hoo suggestion his commission study desirability issuing statement making it clear that adoption of parallel attitude by appropriate authority northern zone would be welcomed. Repeated to Seoul as No. 69.

MARSHALL

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<sup>1</sup> This transmitted General Hodge's proclamation of March 1.

501.BB Korea/3-648 : Telegram

*The Acting Political Adviser in Korea (Langdon) to the Secretary of State*

CONFIDENTIAL

SEOUL, March 6, 1948.

133. Cite Zpol 282. Department's assumption that decision to hold simultaneous rather than staggered elections reflects considered view of command and UNTCOK is correct (Deptel 64, March 3<sup>1</sup>). In a study by subcommittee three of electoral provisions of South and North Korea, legality of staggered elections was touched upon and it was pointed out that Section 22 of Skila election law provides that election shall take place on same day throughout whole country. In same document difficulties of staggered elections envisaged by authorities are cited as follows: "The procedure would make the election last a considerable time, would have considerable budgetary repercussions for United Nations as well as for Korea and could prolong the period of electioneering excitement and political agitation. In view of the size of the electoral districts and the limited means of communication, it is doubtful whether even if such a system were to be adopted, the Commission would be able to actually perform more than a sample observation."

In footnote in same document, General Dean's testimony on February 24th also is quoted: "As I say, that is a question to which I have given a great deal of attention, and the advantages and disadvantages are several for each line of action. If the elections could be held simultaneously all over South Korea, there is less opportunity for dishonesty and more chance for fair elections in every place. If elections were not held simultaneously, word might get down from one province to another how things were going and there would be the desire to put on the pressure that we are trying to circumvent. The news might be wrong, but that would not make any difference. It would be much better if we could have the elections simultaneously through[ou]t South Korea. On the other hand, it might be necessary, if it is desired to give a complete coverage to your observation, to have elections in one or two provinces at a time, but, even then, I think you are sanguine if you contemplate having elections every ten days, because just moving about from one place to another is going to take time."

In consultation with UNTCOK, it was further determined that considerable additional transport equipment, which is not available, as well as at least 50 more UN experts would be required to administer a staggered election.

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<sup>1</sup> Not printed.

Command's main objection is on ground of maintenance of order. Troops and peace maintenance forces are inadequate to handle situations that may grow out of prolonged electioneering excitement.

Having considered foregoing and other aspects of seriatim election, it was decided at full commission meeting February 28 that Schmidt<sup>2</sup> would phone Menon for instructions on definite election date for announcement in press and in his address at mass meeting (see Seoul PolAd's 118, March 1st<sup>3</sup>). Result of phone conversation was that announcement would read "elections would be held before May 10th".

Commission thereupon coordinated action with General Hodge to proclaim May 9th as actual date. Hodge will discuss question with Menon who returns today but feels that matters have gone too far to reverse planning and progress that have been made in direction of simultaneous election. Command believes Mr. Jessup's suggestions before Interim Committee may have been based on a study originating in the American delegation of Joint Commission for conducting closely supervised elections under United States control and observation. UNTCOK's attitude is that elections now visualized are of entirely different character and that they do not want Americans in uniform or out to supervise; that UN will observe by spot checks and reports of election committees and invite complaints.

LANGDON

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<sup>2</sup> Netherlands acting Secretary-General of UNTCOK.

<sup>3</sup> Not printed.

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895.00/3-948

*Memorandum of Conversation, by the Director of the Office of Far Eastern Affairs (Butterworth)*

CONFIDENTIAL

[WASHINGTON,] March 9, 1948.

Participants: The Honorable Alfred Stirling, Minister,  
Australian Embassy  
Mr. W. W. Butterworth, Director, FE  
Mr. J. M. Allison, Chief, NA

Mr. Stirling came in at his request and, under instructions from his Government, raised the following points:

1. His Government requested clarification as to whether or not General Hodge had in fact consulted with the UN Temporary Commission on Korea before announcing May 9 as the election date.

2. It had been reported to the Australian Government that a report prepared by the Australian Delegate on the UN Temporary Commission as Chairman of Subcommittee 2 had been destroyed and only one copy made available for the Chairman of the Commission. This re-



port apparently dealt with alleged acts of the US Military Government in Korea which would prevent a free atmosphere for the elections.

3. The Australian Government requested that the US Government take no further steps with regard to the holding of an election in Korea until the UN Temporary Commission on Korea could be assured that such elections could be held in a free atmosphere which would make possible the expression of views of all sections of opinion.

Mr. Stirling was informed that with regard to point 1, General Hodge had in fact consulted the Commission which had, at a meeting on February 28, decided to proceed with the elections and had authorized the Acting Secretary General of the Commission, Mr. Schmidt, to telephone the Chairman, Mr. Menon, in New York with regard to the setting of an exact date. As a result of this telephone conversation it was decided that the Commission would announce that elections would be held prior to May 10. General Hodge thereupon coordinated action with the UN Commission and announced the actual date for the elections as May 9.

With respect to point 2, Mr. Stirling was informed that as the United States was not a member of the Temporary Commission on Korea it naturally was not in a position to say what action had been taken by the Commission. (In point of fact, according to the Department's information the report allegedly destroyed was one to which all other members of the Commission except the Australian Representatives had taken exception and he had insisted on one copy being taken to the meeting of the Interim Committee by the Chairman of the Commission.)

On point 3, Mr. Stirling was informed that this was a matter of extreme seriousness. Any reversal of the decision now to hold an election in Korea would undoubtedly create repercussions in Korea which would be of real concern to the US Command there. Therefore if the Australian Government persisted in its request after being informed about General Hodge's consultation with the Commission prior to announcing the election date, the US Government would have to request that the Australian desire be forwarded in a formal communication. It was also pointed out to Mr. Stirling that in view of the fact that General Hodge had acted only after consultation with the duly appointed officials of the United Nations Temporary Commission on Korea and in accordance with their express desire it would appear that the Australian Government's request might more appropriately be directed to the United Nations than to the United States Government.

W. W[ALTON] B[UTTERWORTH, JR.]

501.BB Korea/3-948

*Memorandum of Conversation, by the Chief of the Division of  
Northeast Asian Affairs (Allison)*

[WASHINGTON,] March 9, 1948.

Participants: Mr. Hume Wrong, Ambassador of Canada  
Mr. J. E. Jacobs, Political Adviser to US Commander,  
Korea  
Mr. W. W. Butterworth, Director, FE  
Mr. J. M. Allison, Chief, NA

The Canadian Ambassador was requested to call for the purpose of discussing the attitude taken in Seoul by Dr. George Patterson, the Canadian Representative on the United Nations Temporary Commission on Korea. Reference was made to the account in this morning's *New York Times* of Dr. Patterson's action in stating that General Hodge had acted without consultation with the Commission and that the Commission's action in setting a date for the election had not been properly taken. The Canadian Ambassador was also shown a ticker report which had just come to hand stating that Dr. Patterson had walked out of the Commission meeting in Seoul after expressing disapproval of the action of the Commission. Reference was made to the fact that on February 19 last Mr. L. B. Pearson, Canadian Representative on the Interim Committee in New York, had told the American Representative, Dr. Jessup, "that nothing (in connection with the withdrawal of the Canadian Representative on the Commission) would be done in any dramatic form which would play up any breach between the United States and Canada." The opinion was expressed that Dr. Patterson's action on statements to the press did not seem to be in keeping with the assurances of Mr. Pearson. The Canadian Ambassador was also informed in detail of the consultation that General Hodge had had with the Commission and of the fact that the Chairman of the Commission, Mr. Menon, had been communicated with by telephone prior to setting any date. Mr. Wrong said that Dr. Patterson had been acting in conformity with instructions from his Government and portions of these instructions were read. However Mr. Wrong stated that he had not known before of the fact that Mr. Menon had been communicated with and that it would appear that General Hodge had acted properly although it was not as clear as to whether or not the Commission members in Korea had the authority to take the action they did. He said he would send Ottawa a telegram giving full information as to the basis on which General Hodge has acted.

501.BB Korea/3-1048 : Telegram

*The Acting Political Adviser in Korea (Langdon) to the Secretary of State*

CONFIDENTIAL      PRIORITY

SEOUL, March 10, 1948.

140. Cite Zpol 295. Reference Deptel 71, March 8,<sup>1</sup> Seoul PolAd's 133, March 6 quotes brief story as known at that time. Believe fuller details may be needed.

Developments leading to announcement of May 9 as date for general election are as follows: Menon in broadcast to "my friends in Korea" from New York February 28 stated in part "the next 3 or 4 months are going to be a critical period in Korean history. A great deal has to be done. A date, which I hope will not be later than the 1st week of May, has to be fixed for the elections."

Meetings of members of Commission present in Korea were held for purpose of deciding future action of commission. So far as information of General Hodge at any time was concerned, meetings were official and plenary, although Patterson was known to be in Tokyo. After several meetings, last one lasting well into night of 28th, principal Secretary Schmidt informed General Weckerling, liaison officer for General Hodge with UNTCOK, that Commission members here were unanimously agreed upon May 9 as date for election and would contact Menon and Patterson by phone to clear with them. This was done and, so far as command was informed, clearances were made. On February 29 UNTCOK issued Press Release 33 and on March 1st Liu, acting chairman, made speech at Sam Il (Korean independence day) celebration before some 100,000 Koreans, which he concluded by quoting verbatim Press Release 33 (quoted in full in PolAd's 118, March 1<sup>1</sup>). Although complete understanding has been reached between General Hodge's liaison representative and principal secretary that date of May 9 was agreeable to all concerned. General Hodge did not announce date of election at stadium (see PolAd 116, March 1<sup>1</sup>) but stated date of election would be announced soon.

Following celebration meeting Syngman Rhee called public caucus his followers at stadium (an old trick of his) and announced that he had information and understanding with authorities that date of election would be May 2. Following this, and in order to save later confusion, General Hodge had his representative clear finally with principal secretary the announcement of date of election, and announced it to press as being by agreement between the command and the Commission, publishing official proclamation required under Korean-made

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<sup>1</sup> Not printed.



election law (Public Law No. 5 SKILA) which Commission has indicated will be used as framework for the elections held.

At no place and no time has there been any remonstrance or indication of any lack of assurance that full agreement within Commission had been reached on this subject until open session of Commission on March 8 when Patterson raised issue that action by the Commission had not been legal (see PolAd's 136, March 9<sup>2</sup>). In 2 closed meetings on March 9, Patterson filibustered and eventually, when vote went against him, walked out of meeting, following which Menon in effect changed his vote with announcement that they must keep full membership, nullifying all motions taken by Commission prior to that time and reducing previous action to informal character which did not preclude further consideration of whether or not Commission would proceed with elections in south Korea.

Oral press release following 2nd of March 9 meetings which ended late in evening was as follows: "The United Nations Temporary Commission on Korea held its 17th and 18th meetings on the 9th of March and discussed questions arising out of the resolution adopted on the 27th of February by the Interim Committee of the General Assembly. On the initiative of the representative of Canada, the Commission has kept note of certain statements made by General Hodge announcing the date of elections for May 9. These statements were to the effect that the Commission would observe elections. They were made on the basis of conclusions unanimously reached by members of the Commission present at an informal meeting February 28. The whole question of observing elections and implementing the resolution of the Interim Committee is now under consideration by the Commission."

Foregoing indicates strongly an attitude on part of Secretariat and delegates to attempt to throw entire onus of announcing election on General Hodge. It is particularly noted that no mention was made of Menon's broadcast, of UNTCOK Press Release 33, or Liu's public statement of March 1.

In this connection, it had been promised by various members of UNTCOK in public and private statements to Koreans that if Interim Committee acted in time, Koreans would be informed of future of elections on or before March 1. The Commission had been carefully briefed on dangers of turmoil at this period which might arise through uncertainty as to future action. General Hodge considers that current trend in Commission and their public repudiation of what he and Koreans have understood and accepted as UNTCOK's official statement may give rise to misunderstandings with various repercussions. At best there is no question but that it will greatly increase current political confusion and is already increasing subversive Communist activity and violence which is currently going on daily. Situation

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<sup>2</sup> Not printed.

apparently arises through international conflicts within Commission itself and an effort to get certain points on record for future reference to General Assembly. It is discouraging to Korean people to see their fate kicked around by such methods and tactics. The prestige of UNTCOK already badly damaged by its fumbling, hesitancy, and snub by Soviets, can only sink further with probable conclusion by Koreans that it neither can nor will do anything to lift them from their dilemma. Unless UNTCOK recovers rapidly, General Hodge considers whole UN effort will result in a backward reaction rather than progress.

[LANGDON]

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501.BB Korea/3-1148 : Telegram

*The Acting Political Adviser in Korea (Langdon) to the Secretary of State*

CONFIDENTIAL

SEOUL, March 11, 1948.

142. Cite Zpol 300. Following is gist of conversation 10th between Menon, Hoo, and Schmidt on one hand and General Hodge on other.

1. Principal reason for Hodge's wish to meet group was to seek their good offices in persuading Kim Koo and Kimm Kiusic to cooperate with elections. This element had been led to give substance to illusory north-south leaders conference idea by its recognition by Menon at Interim Committee.

2. Recalcitrants refused to listen to explanations of inevitability of UN observed elections but offered no alternative solution. Menon *et al.* expressed fear that election will only be participated in by Rhee's group (Jackson's thesis). Hodge countered that rightists were definitely split between Rhee and Hankook party. Added that current active opposition of Kim Koo to election would be in effect alliance with Communists to upset peace and order during election period. Hodge then expressed astonishment at press release (Seoul's 140, March 10) which tried to pin on him responsibility for announcing election date. UN group was very apologetic. Hodge said he was pressed on all sides about UNTCOK charge that he had issued unwarranted proclamation. He was making and intended to make no comment as he did not wish to get into controversy that might show lack of full agreement on holding election. He went on to point dangers of continued confusion coming out of UNTCOK. Recalled his original request that UNTCOK act positively and promptly, and stated present need for such action was great as ever if confidence of Korean

people was to be retained. Added that Communist activities were being given great impetus by stories coming out of UNTCOK and indication there was great sympathy for Communist cause therein. He also recalled that whereas in early days of UNTCOK, Communists in South Korea were trying to break away from their orders to boycott election now, because of loss of confidence in UN, they were not only going back into the fold but also taking other elements in along with them.

3. Hoo expressed concern over what he thought "persecution" of Kim Koo to bring him back into rightists line, referring to current trial in military commission of Kim Koo's lieutenants for complicity in Chang Duk Soo murder. Hodge stressed necessity of impartial handling of justice and observed notwithstanding general belief among Koreans that Kim Koo had directed death of Chang military commission was scrupulously examining evidence. Added that if evidence exonerated Kim Koo he would be protected from further action but if it established his guilt justice would take its course. Hoo seemed not to realize truth of picture.

LANGDON

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501.BB Korea/3-1148: Telegram

*The Secretary of State to the United States Representative at the United Nations (Austin)*

CONFIDENTIAL

WASHINGTON, March 11, 1948—7 p. m.

130. Please in your discretion seek appointments with SyG and, separately, with Padilla Nervo, president of IC, and convey to them informally substance Seoul's 140 Mar 10. You should point out in this connection that repudiation by Menon of decision duly arrived at by Commission and formally announced to Korean people by Commission as well as by US Command would serve only to confuse Koreans and to detract from moral authority of UN and Commission in their eyes. You should emphasize that announcement of elections by Gen Hodge was made on basis of what was unequivocally represented to him as unanimous and considered decision of Commission, and that in our opinion any attempt on part of latter to disassociate itself from that decision would raise serious doubt as to good faith of Commission. While we realize that Commission is competent to make its own decisions with respect to its procedure under GA Resolutions, we feel strongly that it would be acting against best interests of all concerned were it to permit view of disgruntled minority, and Canadian member



in particular, to deter it from carrying out clear will of majority of members of IC.<sup>1</sup>

Sent USUN as 130. Repeated Seoul 75 for info only.

MARSHALL

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<sup>1</sup> Telegram 278, March 12, 5:49 p. m., from New York, reported carrying out the instruction and concluded: "Padilla agreed that General Hodge's conduct seemed to have been entirely correct." (501.BB Korea/3-1248) For statement by the Secretary of State on March 10, see Department of State *Bulletin*, March 21, 1948, p. 375. This was reported in telegram 76, March 12, to Seoul.

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501.BB Korea/3-1248: Telegram

*The Acting Political Adviser in Korea (Langdon) to the Secretary of State*

CONFIDENTIAL      PRIORITY

SEOUL, March 12, 1948.

146. Cite Zpol 306. 1. On March 9 Jackson presented following note to UNTCOK chairman: "Since the announcement of the opinion of the Interim Committee of the General Assembly on or about 26 February 1948, the political situation in South Korea has deteriorated considerably.

A number of parties which have maintained that freedom of election is not possible, have now announced that they will not take part in the elections. It appears that the elections are now under the control of a single party.

The Commanding General of the United States Army forces in Korea has announced that elections will be held in South Korea on 9 May 1948.

Under the circumstances, the Commission may decide that the free atmosphere for elections recommended by the Interim Committee cannot be secured, that the terms of the resolutions of the United Nations General Assembly cannot be fulfilled, and that, in consequence, it cannot observe the elections.

To meet this situation, I wish to place an alternative plan before the members of the Commission.

In developing this plan, I have kept in mind five basic considerations:

(1) The United Nations General Assembly should not be drawn into a position where it may be held responsible for decisions in South Korea which do not contribute directly towards the establishment of a national government for all Korea.

(2) The Commission should guard against any action which might exclude the north from participation in a national government.

(3) Though they may not cooperate at present, the USSR authorities in North Korea should be treated as subject to the control of the United Nations General Assembly.

(4) The people of Korea must be given the best possible opportunity to gain control of their country with a minimum of disorder.

(5) Subject to the above considerations, the United States authorities in South Korea should be strongly supported in whatever action they may take to create conditions which will enable the Commission to implement the resolutions of the General Assembly of 14 November 1947.

I submit the following resolution to be included in the agenda of the next meeting of the Commission:

The United Nations Temporary Commission on Korea, having examined the situation in Korea, finds:

1. That the responsible authorities in that portion of Korea north of the thirty-eighth parallel are not at present prepared to cooperate with the Commission, thus rendering it impossible for the time being to proceed under the terms of the resolutions of the United Nations General Assembly with the observation of elections which may be held there.

Resolves:

(1) That the United Nations Temporary Commission on Korea report to the United Nations General Assembly in the light of developments and its observations and consultations in Korea;

(2) That the Commission hold itself available for consultation with the responsible authorities in both North and South Korea;

(3) That the Commission make such recommendations as it considers appropriate to the responsible authorities in both North and South Korea;

(4) That the Commission withdraw from Korea by 15 April 1948 leaving a small liaison group in Seoul;

(5) That the Commission return to Seoul during August 1948 to reexamine the situation and, if advisable, to carry out its task in the terms of the resolutions of the United Nations General Assembly."

2. As requested proposal was first item on agenda tenth. Jackson's pleading for its acceptance is summarized in Seoul PolAd number 147, March 12.<sup>1</sup>

3. Jackson's main theme was that conditions have developed preventing observation of any election in South Korea. These conditions were (1) that Kim Koo and Kimm Kiusic will not support election and that election will be an exclusive Rhee-Hankook Party show. (2) That 12 out of 15 men appointed to general election board by military government are Hankook Party members. (3) That 4 out of 5 Communists invited to consult with UNTCOK "appear" to be unwilling to accept invitation because of lack of confidence in official assurances of immunity from police. (4) That police arrested 3 Koreans attempting

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<sup>1</sup> Not printed.

to visit UNTCOK and confiscated their petition to UNTCOK. (5) That a UNTCOK party visiting a village was told a major rightist youth organization would appoint its candidate for county representative for it in the election.

4. Paul-Boncour (returned from Shanghai 7th) led attack against Jackson's proposed resolution. He said resolution was based on Jackson's credulity in Korean politicians statements and that UNTCOK should not be influenced by tactics and shifting positions taken by these men. Menon brought meeting to close in order to give consideration to electoral law. (Recommendation subcommittee 3 concerning electoral law was passed, with minor changes, at afternoon session.) Later Paul-Boncour mentioned that secretariat had cheerfully worked late into night to mimeograph Jackson's presentation of his note so it could be flown to UN headquarters soonest, inferring this was all done to propitiate Sobolev.<sup>2</sup> Boncour further said that in debate Patterson asked Menon if US had used pressure in Interim Committee. Menon said yes citing case of his own External Affairs Department which had received note from US Ambassador asking India to vote for US resolution, whereupon Patterson let out a satisfied "ah". Menon outside of meeting expressed opinion to Weckerling that Patterson and Jackson would be voted down and said elections would go on and he would stay in Korea perhaps another week (now scheduled to leave 14th) until matter of election is settled.

5. Jackson's bombshell seemed to be of his own making and to be related to his own personal views and emotions on South Korean conditions. The recent developments cited to prove his case are not new. It is unfortunate that Kim Koo and Kimm Kiusic elements now profess they will keep aloof from elections but it means only few more groups boycotting election in addition to numerically far more important Communist-led elements that from very beginning declared they would boycott elections. In any event it is still by no means final that Kim Koo and Doctor Kimm will not cooperate with UNTCOK program. Other arguments are based on isolated incidents or on conditions that can be and are in process of being corrected. In any event it would seem unfair to throw up one's hands as Jackson is doing before event. Jackson's course definitely seems out of line with letter and spirit of Australian delegation statement in New York on February 27 (USUN 219 to Department same date<sup>3</sup>).

6. It is certain China, Philippines, France and Salvador are on our side. Menon speaks to please and conciliate his listeners and therefore his assurances mentioned above cannot be wholly relied upon. Syrian alternate delegate seems earnest about insisting on free election but

<sup>2</sup> Arkady Alexandrovich Sobolev, Assistant Secretary-General in charge of UN Security Council Affairs.

<sup>3</sup> Not printed.



to have no idea of having no election at all. Thus at least 5 votes in favor of some Korean election can reasonably be counted on.

LANGDON

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811.42700 (R)/3-1248 : Telegram

*The Acting Political Adviser in Korea (Langdon) to the Secretary of State*

PRIORITY

SEOUL, March 12, 1948.

149. From Mitchell for Jacobs and Schuler: Following is text of statement made by General Hodge today before approximately 100 provincial governors and police chiefs assembled Seoul which we are widely publicizing and which excellent for VOUSA:

"I will not dwell upon the importance to your nation of the next few months of its history. The coming event of general elections to be followed by formation of a national government will set up a most critical period. The responsibility for the success or failure of the holding of elections where all adults may freely express their choice of representatives to form their government rests upon Korean leaders and governmental officials as well as upon all Korean people personally accruing to you gentlemen in this phase of your nation's progress may be listed briefly as follows:

(1). Give all assistance to the election-educational program to see that all the people throughout your area are informed of the details concerning general election and regulations that govern it.

(2). Insure by every possible means that a free atmosphere exists for holding the general election, both before and during the election.

(3). Insure that all physical arrangements for the election that come within your scope are completed on time.

(4). Encourage and lead all Koreans to vote in the election.

The principal item I wish to impress upon you is the absolute necessity for a free atmosphere for elections. This one feature is of more concern to the United Nations General Assembly and to the United Nations Temporary Commission on Korea than any other. Unless there are free elections we have gained nothing, because without free voting we will not have the will of the people expressed. Democratic processes depend entirely upon the full and free expression by the people at the polls to gain their representation in government. The primary duty of the UN Commission here is to observe the elections for the express purpose of determining if the representatives elected do in fact represent the will of the people. The UN resolutions make this clear and the spokesmen of the Commission have reiterated that feature. We cannot expect the UN Commission to approve any elections that do not produce true representatives of the Korean people.

To insure our mutual understanding let me briefly enumerate the principal factors involved in free elections. There will soon be pub-

lished some regulations designed to insure these freedoms. The free atmosphere we speak of must include:

(1) Freedom of speech. This means individuals must be free to discuss in an orderly manner issues at stake and discuss the qualifications of candidates both publicly and privately without interference or pressure from officials or groups. This freedom includes the use of all types of campaign handbills and wall posters, provided they are not inflammatory to the extent of inciting disorders or overthrow of government.

(2) Freedom of the press in the same manner as free speech.

(3) Freedom of assembly. Orderly assemblies and meetings indoors and outdoors must be encouraged, regardless of the political beliefs or followings of the participants. Leaders calling such meetings must of course be responsible that they are orderly.

(4) Freedom for candidates to campaign for election regardless of their political beliefs. This means that candidates must be allowed free movement to campaign without any direct or indirect interference or pressure from officials and must be given the same protection given to all other political or nonpolitical citizens.

(5) Law and order must be maintained but in so doing all measures smacking of oppression or suppression because of political beliefs must be avoided. No Korean man or woman can be arrested merely for a political belief. On the other hand, political hoodlumism and terrorism can not and will not be condoned if we are to keep a free atmosphere. Good judgment in maintaining this balance must be exercised.

In maintaining the required free atmosphere it is absolutely necessary to develop the understanding and help to that of the will of the people in your areas.

I have great respect for the great faith in the good judgment of the Korean people when they really understand the issues at stake. I believe that if all of you exercise real leadership and spread understanding among the people my task, your task and the task of the UN Commission will be greatly simplified.

In closing, I wish to say that I have full confidence in you gentlemen, who represent government and law and order in your areas, and I express my complete belief that you will rise to meet the challenge offered by this chance for great progress, and will team up and cooperate both among yourselves and with the people in the provinces to make the first democratic general election in Korea a complete success, thus gaining a well deserved world wide approval and support."

LANGDON

501.BB Korea/3-1248 : Telegram

*The Acting Political Adviser in Korea (Langdon) to the Secretary of State*

CONFIDENTIAL

SEOUL, March 12, 1948.

150. Cite Zpol 308. Debate on Jackson's proposal (PolAd's 146, March 12) occupied meeting 11th and continued in forenoon today.

In course of latter, Paul-Boncour moved to accept motion to effect that elections shall be observed as informally announced in what it was hoped would be free atmosphere. Debate followed ending in motion (by Syria) to vote on amended version of Boncour's to effect that election shall be observed as announced provided there is free atmosphere. Motion carried and vote taken resulting in China, Philippines, Salvador and India for, Canada and Australia against, and France and Syria abstaining. France abstained owing to dilution of its motion with proviso making election contingent on free atmosphere, which could always be used as pretext to obstruct UNTCOK action at last moment. After count of vote Patterson walked out. Jackson is said to have asked his Government for further instructions.

Text of motion as passed not yet released. Will radio as soon as available.<sup>1</sup>

LANGDON

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<sup>1</sup> Telegram 156, March 13, from Seoul, not printed.

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895.00/3-1748 : Telegram

*Lieutenant General John R. Hodge to the Secretary of State*

SECRET      PRIORITY

SEOUL, March 17, 1948.

Zgceg 327. Subject is brief summary of local politics. The vacillation, fumbling, lack of unanimity and uncertainty inaction on the part of the United Nations Temporary Commission on Korea, as well as the divided views on the UN resolution on the part of member governments, has caused considerable change in the political situation and in the attitude of the Koreans of south Korea.

From the time the advent of the UN Commission was known, Soviet boycott was foregone conclusion, and Communist orders were to do everything in their power to destroy its progress and force its withdrawal from Korea. However, our buildup in publicity here was such that when the Commission first arrived and there was a possibility that it might proceed to carry out its mission with dispatch, there was a well-defined move on the part of what might be called "political Communists" (opportunists who have joined the Communists in hope of reward when they come into power) to disobey orders and break away from Kremlin control and participate in elections. This move ended as soon as the Commission stalled in early February.

As the apologists and Soviet appeaser among the delegates began to show their hand (Djabi of Syria with his "political prisoners," Jackson of Australia with his "police state" and Patterson of Canada, with his straight appeaser attitude) not only the Communist mouth-



pieces and fellow travellers, but representatives of all dissident groups who have vague hope that through some flick of fortune, such as gaining control of the police or constabulary, or the advent of some plan of elections or forming a government that would give this or that group control or at least a strong representation without regard to the strength of their following, have put pressure on the Commission, as well as the Korean people, to stop elections or to delay them in hope they can make a coup. The effect on the UN delegates is to make some of them believe that the volume of oral and written complaints reaching their ears are the complaints of all Koreans. The effect of those delegates listening to the dissident elements together with the delegates own public and quasi-public statements and their statements of opinion expressed privately to Koreans in their multitudinous audiences is to give the dissidents great "face" and to add greatly to the strength of the Communists propaganda, as well as give the Communists new slogans for their attack against elections in south Korea. Also, the fact that prominent members of the Commission and Secretariat got into local politics and gave great and international emphasis to the Kim Koo-Kimm Kiusic ephemeral plan to get north and south political leaders together to unite Korea, and resulting in boycott by this camp of the elections with Kim Koo action in open opposition to election, is building to serious proportions. It is being joined by other sizable pressure groups, such as the north Korean refugees, demanding special representatives among those elected, with the alternative of boycotting elections.

The net result is a snow-balling loss of faith in the UN Commission being able to provide a solution for the Korean problem, a growing apathy among the supporters of elections and a growing effectiveness of the Communist efforts to block elections in south Korea. If it keeps growing, fanned by the typical negative Korean attitude on the part of groups who see no chance for them to gain complete power through straight election, we may run into an "anti-election" complex similar to and possibly comparable to the "anti-trusteeship" campaign that negated any chance of success for the Joint Commission.

I have repeatedly pointed out to the delegates of the UN Commission these dangers and the necessity for them to move firmly and aggressively and actually to exert leadership in helping educate the Koreans. Menon and Hoo have been trying half-heartedly to undo the damage they did in the Kim Koo-Kimm Kiusic camp, but have made no progress to date.

The resignation of a sizable leftist and moderate group from the Interim Legislative Assembly, although for the announced reason that they are resigning because they oppose unalterably the resolution

passed some days ago by the assembly calling for early elections, appear actually to be closely tied up with investigations of the acceptance by most of the resigners of bribes from the "prostitution association" in an alleged effort to get effective date of the anti-prostitution law passed by the assembly postponed. However, the fact remains that these individuals, many of whom have formed small political parties based on their prestige gained as legislators, will now because of their public statements, have to save face by opposing an election in which they know they could not possibly gain any seats. Many of them may be expected actively to join the Communists, since they have been mouthpieces of Communist propaganda all along.

Although the principal rightist youth group leaders have publicly announced their support for elections, there are indications that some of them may fall out if the bid is high enough. Communist money has been known to get into strange channels in Korea.

If the Koreans continue to lose faith in UN ability to do anything about Korea, as is now the case among even those Koreans who most heartily approve the UN action, we may have a situation here (already pointed out by me to the UN Commission) where it will be virtually impossible to hold elections, free or otherwise.

With the Communists actively violent in efforts to stop elections, the dissident middle-of-the-roaders and some rightist groups boycotting or opposed to them for selfish reasons and the mass of Koreans apathetic as to any hope of real results because of the publicized attitude of some delegates of the UN Commission showing disagreement as to Korea's future, the picture is none too bright. Whether or not the Commission itself can and will regain prestige remains to be seen. Some delegates are beginning just now to realize the damage they have already done, but appear only to be discouraged by the situation rather than to have any desire or thought of rectifying it by positive action.

[HODGE]

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895.00/3-2248

*Memorandum of Conversation, by the Chief of the  
Division of Northeast Asian Affairs (Allison)*

SECRET

[WASHINGTON,] March 22, 1948.

Subject: Korean Elections.

Mr. Ralph Collins of the Canadian Embassy called on me this morning and read me the gist of new instructions which have been sent to Mr. Patterson, the Canadian Representative on the UN Temporary Commission on Korea. These instructions were substantially as follows:

The Canadian Government believes a useful purpose was served by Mr. Patterson's calling attention to the constitutional requirements and procedures necessary to be followed by UNTCOK and that the vote of March 12 was a recognition of the irregular character of the previous informal Commission decision to hold elections; however the Canadian Government has reviewed the whole problem and now believes that Mr. Patterson should be instructed and is so instructed to resume normal participation in the activities of the Commission, without taking too prominent a part. In sending these instructions the Canadian Government is mindful of the fact that the Commission may at any time decide to withdraw from Korea should it determine that conditions make impossible the proper performance of its functions.

The Canadian Embassy has stated that the above information was given on the understanding that the United States would treat it as strictly confidential and make no reference to it until events in Korea make evident that new instructions have been given Patterson.<sup>1</sup>

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<sup>1</sup> Telegram 183, March 24, from Seoul, reported the Canadian representative had informed UNTCOK by letter on March 13 of his new instructions authorizing him to take part in activities of the commission (501.BB Korea/3-2448).

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895.6463/3-2448 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SECRET

SEOUL, March 24, 1948.

178. Cite Zpol 362. For Jones:<sup>1</sup> Subject North Korea power. This radio in 5 parts.

Part 1. On 17 March 1948 Pyongyang liaison office telephoned contents of following letter delivered to it by Russian command:

"Dear General Hodge: As you are aware, there is an agreement concluded between the Soviet and American commands on 17 June 1947 about the order and time of payment for electrical power transmitted by electrical plants of North Korea for South Korea for the period 16 August 1945 to 31 May 1947, also there was a previous agreement about the order of payment since 31 August 1947, but up to this time the American Command has not fulfilled its 17 June 1947 agreement about the time lists and amount of goods to be given in payment for electrical power prior to 31 May 1947.

There have been goods given up to 15 March 1948 in the amount of 15.6 percent of costs of electrical power from 16 August 1945 to 31 May 1947, whereas in accordance to the 17 June agreement the list of

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<sup>1</sup> Capt. Owen T. Jones, Consul at Seoul; previously with Korean economic mission.



goods was to be filled by 17 December 1947, thus the American Command has not met the 17 June 1947 agreement for payment for power for the period since 31 May 1947. The American Command has not expressed its desire to conclude such an agreement.

Therefore the Soviet forces in North Korea can no longer act as a mediator between the American Command and the People's Committee of North Korea which is in charge of electrical power stations in North Korea.

I am forwarding a copy of this letter to the Chairman of the People's Committee of North Korea, Mr. Kim Il Sung. Respectfully, signed Korotkov."

Certain ambiguities in foregoing text cannot be explained.

Part 2. On 20 March 1948, Pyongyang liaison office telephoned contents of lengthy letter signed by Kim Il Sung and delivered by a Korean to the Soviet Sergeant of the Guard on duty at liaison house. Although letter was not accepted, the English translation contained following significant features: (A) Power will be cut off if deliveries under 17 June 1947 agreement are not completed by 15 April 1948. (B) Meeting by 1 April requested for power furnished since 1 June 1947.

Part 3. Following letter is being dispatched from General Hodge to General Korotkov about 25 [22] March:

"My dear General Korotkov: In reply to your letter of 16 March 1948 on the subject of payment for electrical power, I share your desire to hasten the completion of our 17 June 1947 agreement covering payment for power obtained by South Korea from North Korea for the period 16 August 1945 to 31 May 1947. Your representative, when in Seoul to accept our fifth shipment against the agreement, was handed on 19 January 1948 a substitutional list containing 774 items complete with drawings and diagrams. Thus far, we have received no official comment on any of this offer. Had you agreed to accept any of the items suggested therein, as is expressly provided for in Note Number Two of Paragraph Two of our 17 June 1947 agreement, the completion of the deliveries would have been expedited.

I again invite your attention to this list which is attached as enclosure number one. I also repeat my offer of 1 December 1947 to make an immediate settlement in American dollars for the unpaid balance of the 17 June 1947 agreement. In the meantime, my command has placed orders outside of South Korea, over the past year, for materials most of which are now en route and which, upon delivery over the next four months, will enable us to substantially meet the agreement. Your acceptance of substitutional items appearing in enclosure number one would enable my command to completely meet the agreement by an earlier date. I suggest that the final price agreements on disputed items be effected at the time the agreement has been substantially met.

It is also my desire to come to an agreement with you for the power obtained since 31 May 1947. The meeting of 27 October 1947, which

I originally suggested to that end, failed in its purpose. Accordingly I suggest that we arrange another meeting in Pyongyang as early as possible and not later than 8 April 1948 of representatives of our military commands and their Korean representatives in the civil administrations for the purpose of establishing a basis for settlement for power received since 31 May 1947. I note with surprise your statement that the Soviet Command can no longer act as mediator between the American Command and the North Korean People's Committee. I can not recognize that you have ever acted as a mediator. The 17 June agreement was, as you say in your letter, an agreement between the American and Soviet Commands, not between the American Command and North Korean People's Committee. Furthermore, all other dealings, both in conferences and in the transfers of goods, have been between my representatives and your representatives. Moreover, you are fully aware that, since the occupation of Korea by the military forces of the USSR and the USA, responsibility for all matters affecting the interrelations of the two zones have been assumed by representatives of the two military commands. I consider that you remain fully responsible for future negotiations and for the future supply of electrical power to South Korea. Signed Hodge."

Part 4. An estimate of the present situation follows: (a) Based on commitments from Japan and US, 85 percent of deliveries against the 17 June 1947 contract will be completed by 1 August. It is hoped substitutions will be accepted for the balance. (b) Successful negotiation of agreement for period after 31 May 1947 not expected. A complete settlement of this account is not consistent with Soviet political objectives to leave South Korea in debt to North Korea. Soviets may send only Koreans to proposed meeting, with whom American Command will refuse to negotiate, or they may demand exorbitant terms similar to those that wrecked previous discussions in October 1947 on power used after 31 May 1947. (c) Since Russians desire goods, the cutting of power may be forestalled until a greater percentage of deliveries on old contract completed or until new Korean Government is set up. (d) A cut-off of power should therefore be expected sometime during summer, probably following elections and prior to or coincident with establishment of new Korean Government.

Part 5. Dispatch follows by pouch<sup>2</sup> setting forth in full proposed policy of American Command on negotiations with Russians on this matter and basis of handling North Korea power account with new Korean Government. Full texts of all letters and G-4 reports on status of present contract will also be included."

JACOBS

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<sup>2</sup> Despatch 76, March 31, from Seoul, not printed.

501.BB Korea/3-2548 : Telegram

*The Consul General at Seoul (Langdon) to the Secretary of State*

SEOUL, March 25, 1948.

185. Following is text UN press release number 49:

"Observation of elections.

At its 27th meeting, the United Nations Temporary Commission on Korea adopted the report of its *ad hoc* sub-committee on methods of observation of elections, which include, *inter alia*, 'the examining of complaints concerning the conduct of the election in any area.' The commission decided (subject to the terms of its resolution adopted at the 22nd meeting, 12th March 1948), to observe the elections (a) centrally, by permanent liaison with the national election committee, and (b) in the provinces, through field observer groups.

The Commission decided further that an 'appropriate liaison be established between the commissions own agencies of observation and those of the United States authorities'.

The following important successive stages of the elections will be under observation:

(a) The period of registration of voters (30 March–April 8); (b) the period during which poll registers may be examined (14–20 April), appeals made, and candidates registered; (c) polling day; (d) the post election period.

The Commission decided to create a 'main committee', the functions of which are:

(a) maintenance of permanent liaison with the national election committee in Seoul; (b) general observation of the work of the election committees; (c) the receiving and examination of complaints and general information concerning the conduct of the elections; (d) the analysis of reports received from the Commission observer groups; (e) the obtaining analyzing of information concerning attitudes of Koreans towards participation in the elections; (f) the examining of and reporting to the commission on conditions relating to a free atmosphere for the holding of elections; (g) the planning and coordination of the activities of the field observer groups in accordance with the general directions of the commission.

The main committee is composed of members of each delegation represented on the Commission. The Commission created 'field observer groups' which will act according to a coordinated plan. These groups may number three and will be composed of representatives, together with appropriate staff."

LANGDON



895.00/3-2948 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

CONFIDENTIAL

SEOUL, March 29, 1948.

190. Cite Zpol 389. On March 25 "Democratic Coalition Front" at Pyongyang adopted a letter, addressed to South Korean political parties and social organizations which oppose formation of separate government in South Korea, inviting their representatives to a conference at Pyongyang on April 14 to discuss unification of Korea by secret universal ballot after withdrawal of foreign troops. Letter, which was broadcast from Pyongyang (text transmitted in separate telegram<sup>1</sup>) ascribes current preparations for national government in South Korea as an American scheme and warns Koreans against "falling for it".

In conversation last night (Draper,<sup>2</sup> Hodge, Langdon, myself present) Kimm Kiusik revealed that 9 Leftist party leaders had actually received invitations to attend aforementioned conference and in addition that he, Kim Koo and four other so-called non-Leftist leaders had similarly been invited. He added however that his invitation and that of Kim Koo contained a recital of their "sins" against the nation, including that of being "running dogs" of Americans. Kim stated that his invitation indicated that those invited were expected to accept the North Korean ideology and policies. He said that he and Kim Koo, since they initiated the "conference idea", had no alternative but to accept the invitation, but added that they would try to send up small liaison group first to make arrangements including promise of safe conduct. He seemed resigned to feeling that nothing would be accomplished and that he might even be sent to concentration camp. Am endeavoring to gather further particulars.

This invitation is definitely clever ruse calculated to confuse South Koreans by deluding them into belief that unification can thus be achieved and to divert their attention and interest from South Korean election. Already considerable interest has been aroused among Koreans and I fear some members of UNTCOK may take the matter seriously.

Since North Korean constitution is scheduled to come up for consideration about middle April, it can reasonably be assumed that Soviets may have in mind getting these South Korean leaders to Pyongyang to join in vote on its adoption. Even if Kimm Kiusik, Kim Koo and other two non-Leftist refuse to vote for the nine Leftist

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<sup>1</sup> 191, March 29, from Seoul, not printed.

<sup>2</sup> Gen. William H. Draper, Jr., Under Secretary of the Army, was on a mission to the Far East. A report of this mission was made in despatch 84, April 9, from Seoul, not printed. (895.50/4-948)

leaders [possible omission] certainly will, and Pyongyang will proclaim that South Korea has approved new constitution.

JACOBS

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895.00/3-3048 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

CONFIDENTIAL

SEOUL, March 30, 1948.

192. Cite Zpol 394. High point is Dr. Rhee's remarks on conversation with Under Secretary Draper on March 28.

1. Stressed necessity continued cooperation between US and Korea, stating that he had not always supported US policies because he felt that it was wrong to try to get along with Soviets.

2. Felt that forthcoming elections were step in right direction; that there would be large turn out at polls; and that election would be orderly unless Communist terrorism becomes too great but in any event police youth and labor groups will be able to keep situation under control.

3. Believes that any north-south conference of political leaders will be as unsatisfactory as the efforts of Joint Commission.

4. Said that Korean people were grateful for what US had done for Korea and hope that further aid would be provided as it would be needed. He added that Korea must count on good-will and aid of both US and UN.

5. Suggested that US might desire naval base on Cheju Island and felt certain that future Korean Government would permit establishment such base if desired.

6. Felt confident that Koreans would be able to learn quickly how to handle existing industrial establishments and that trade arrangement could be established with China, Japan, Philippines and Australia.

7. Felt confident that in spite of growing population Korea would be self sufficient in food.

JACOBS

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895.50 Recovery/8-1248

*Note by the Executive Secretary of the National Security Council (Souers) to President Truman*<sup>1</sup>

TOP SECRET  
NSC 8

[WASHINGTON,] April 2, 1948.

At its 9th meeting the National Security Council considered the reference report by the State-Army-Navy-Air Force Coordinating

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<sup>1</sup> Submitted also to the Secretaries of State, Defense, Army, Navy, and Air Force and to the Chairman of the National Security Resources Board.

Committee<sup>2</sup> and adopted it subject to amendment of paragraph 3-b-(1). The amended report is enclosed herewith.

The National Security Council recommends that the President approve the conclusions contained herein, and direct that they be implemented by all appropriate Executive Departments and Agencies of the U.S. Government under the coordination of the Secretary of State.

SIDNEY W. SOUERS

[Enclosure]

REPORT BY THE NATIONAL SECURITY COUNCIL ON THE POSITION OF THE  
UNITED STATES WITH RESPECT TO KOREA<sup>3</sup>

TOP SECRET  
NSC 8

[WASHINGTON,] April 2, 1948.

THE PROBLEM

1. To assess and appraise the position of the U.S. with respect to Korea, taking into consideration (a) the political and economic position of the U.S. with respect to the Far East as a whole, (b) the relevant international commitments of the U.S., both within and without the framework of the UN, and (c) the security interests of the U.S., with particular reference to strategic requirements in the Far East.

ANALYSIS

2. a. The broad objectives of U.S. policy in Korea may be defined as follows:

(1) To establish a united, self-governing, and sovereign Korea as soon as possible, independent of foreign control and eligible for membership in the UN.

(2) To ensure that the national government so established shall be fully representative of the freely expressed will of the Korean people.

(3) To assist the Korean people in establishing a sound economy and educational system as essential bases of an independent and democratic state.

To these may be added the derivative objective of terminating the military commitment of the U.S. in Korea as soon as practicable consistent with the foregoing objectives.

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<sup>2</sup> SANACC 176/39.

<sup>3</sup> Telegram 115, April 20, 2 p.m., to Seoul, reported that this paper was approved by President Truman on April 8 and its conclusions sent to General Hodge in the Army's telegram W99374, April 8. The full text was sent in instruction 11, April 26, to Seoul. (740.00119 Control (Korea)/4-2048, 4-2648)



b. The following is a review of the principal international commitments of the U.S. with respect to Korea and of the steps by which the U.S. has endeavored to honor those commitments:

(1) At Cairo in 1943 the U.S. joined with Great Britain and China in declaring that one of the goals to be won from the conflict in the Pacific was a free and independent Korea. This multilateral pledge was re-affirmed in the Potsdam Declaration of July 1945 and received the adherence of the Soviet Union upon the latter's declaration of war against Japan in the following month.

(2) In September 1945 the Occupation of Korea by U.S. and Soviet forces for the purpose of accepting the surrender of Japanese troops in that area was completed, Soviet forces occupying that part of the country lying north of, and U.S. forces that part of the country lying south of, a previously agreed line drawn along the 38° parallel.

(3) At Moscow in December 1945 agreement was reached among the U.S., Great Britain, and the Soviet Union, and later adhered to by China, that there should be established in Korea, through the mechanism of a joint U.S.-USSR Commission, a provisional Korean democratic government. This Commission held repeated meetings during 1946 and again in 1947, but failed to reach agreement on a basis for the establishment of a Korean government and the withdrawal of occupation forces.

(4) Consequent to this impasse, and to the Soviet rejection of a subsequent proposal by the U.S. that the Four Powers signatory to the Moscow Agreement of December 1945 meet to consider ways and means of giving effect to that Agreement, the U.S. proposed in September 1947 that the problem of the independence of Korea be placed on the agenda of the UN General Assembly. The latter, on November 14, 1947, adopted two Resolutions, without Soviet concurrence, establishing a nine-nation UN Temporary Commission on Korea to observe elections of Korean representatives to a National Assembly which might in turn form a national government; Resolution II also provided for the transfer of the functions of government from the occupying authorities and the withdrawal of occupation forces as soon as practicable after the establishment of a national government and if possible within ninety days. The Commission proceeded to south Korea early in January but was denied access to Soviet-occupied north Korea, as a consequence of which it decided to consult the Interim Committee of the General Assembly with respect to its further course of action. On the basis of the Interim Committee's view that, the Soviet attitude notwithstanding, the Commission should carry out its mandate in as much of Korea as might be accessible to it, the Commission and the U.S. Command in Korea have scheduled for May 9,<sup>4</sup> 1948 the holding of elections under UN observation in pursuance of the above-mentioned decisions of the General Assembly and its Interim Committee.

(5) To the formal commitment which the U.S. has incurred under the terms of the General Assembly Resolutions of November

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<sup>4</sup> Telegram 205, April 4, from Seoul, reported as follows: "By agreement with UNTCOK election date is being postponed one day from May 9 to May 10 to avoid election on day of sun eclipse." (895.00/4-448)

14, 1947, must be added an implied commitment to the other members of the UN to withdraw its occupation forces from Korea only under circumstances which will bequeath at least a reasonable chance of survival to the government to be established in accordance with those Resolutions.

*c.* Brief estimate of the current situation based upon the latest intelligence:

(1) U.S. occupation forces in south Korea number approximately 20,000 troops at the present time. In addition, there are in the U.S. zone of occupation native Korean security forces numbering in the vicinity of 57,000 men, composed of a south Korean coast guard of about 3,000, a south Korean civil police force numbering nearly 30,000, and a U.S.-trained and equipped constabulary of approximately 24,000, which is in process of expansion to a strength of 50,000.

In north Korea there are believed to be approximately 45,000 Soviet occupation troops, together with a "Korean People's Army" with an estimated strength of 125,000 men trained and equipped by the Soviets.

(2) The people of south Korea are at the present time afforded a considerable degree of participation in the administration of that zone through the "South Korean Interim Government", whose executive, legislative, and judicial branches function as a part of the U.S. Military Government.

In Soviet-occupied north Korea there has been set up under the aegis of the occupying power a provisional puppet regime which, according to information emanating from that zone, it is intended to transform into a satellite "Democratic People's Republic of Korea" following the early adoption of a constitution. The proposed draft of that constitution indicates that the "Democratic People's Republic" will claim jurisdiction over all of Korea and will designate the city of Seoul as its future and permanent capital.

(3) The efforts of the U.S. to foster the establishment of a democratic and sovereign government in Korea are handicapped by the political immaturity of the Korean people. The tendency of Korean political elements to polarize into extremes of right and left and to pursue their ends through the use of violence acts as a serious deterrent to the achievement of political stability on a democratic basis in Korea.

(4) The limited economy of south Korea, cut off as it is from its normal sources of supply in the northern part of the country, is more than ever dependent upon the importation of raw materials—particularly coal and food—which under present circumstances can be obtained only from sources in or under the control of the U.S. Such is the extent of this dependence that it is estimated that economic collapse would ensue in south Korea within a matter of weeks after the termination of U.S. aid to that area. The economic situation of south Korea is rendered even more precarious by the fact that that area is

dependent upon north Korean sources for most of its electric power; although efforts are underway to make south Korea more nearly self-sufficient in this respect, the ever-present possibility of a complete cut-off of electric power from north Korea will remain an important source of weakness in the south Korean economy.

If all appropriations which have been requested are granted, U.S. funds available for use in south Korea during the fiscal year ending June 30, 1949 will total approximately \$185,000,000.

*d. Possible developments and courses of action open to the U.S.:*

(1) The persistent refusal of the Soviet Union to cooperate in good faith with the U.S. in formulating a just and mutually acceptable solution to the Korean problem and its further refusal to collaborate with the UN in its efforts to bring about the creation of a united, independent, and sovereign Korea, have made inescapable the conclusion that the predominant aim of Soviet policy in Korea is to achieve eventual Soviet domination of the entire country. Clearly indicative of this aim is the action of the Soviet occupation authorities, as noted above, in fostering the establishment in north Korea of a satellite regime claiming authority over the entire country and backed by the arms of a Soviet-trained and equipped army.

(2) The extension of Soviet control over all of Korea would enhance the political and strategic position of the Soviet Union with respect to both China and Japan, and adversely affect the position of the U.S. in those areas and throughout the Far East. Unless the U.S., upon withdrawal, left sufficient indigenous military strength to enable south Korea to defend itself against any but an overt act of aggression, U.S. withdrawal could be interpreted as a betrayal by the U.S. of its friends and allies in the Far East and might well lead to a fundamental realignment of forces in favor of the Soviet Union throughout that part of the world.

The overthrow by Soviet-dominated forces of a regime established in south Korea under the aegis of the UN would, moreover, constitute a severe blow to the prestige and influence of the UN; in this respect the interests of the U.S. are parallel to, if not identical with, those of the UN.

(4) In these circumstances the following are the principal courses of action open to the U.S.:

(a) *To abandon the government established in south Korea under UN or U.S. auspices.* This course of action would create the unfavorable situation envisaged in 2-d-(2) above and is patently unacceptable from the point of view of U.S. prestige. It would violate the spirit of every international commitment under-



taken by the U.S. during and since the war with respect to Korea, and would clearly indicate to the UN that the U.S. had utilized that body merely as a convenient vehicle for withdrawing from Korea.

(b) *To establish within practicable and feasible limits conditions of support of a government established in south Korea as a means of facilitating the liquidation of the U.S. commitment of men and money in Korea with the minimum of bad effects.* Such a program would require that the U.S. make provision for the training and equipping, prior to withdrawal, of native armed forces capable of protecting the security of south Korea against any but an overt act of aggression by north Korean or other forces, and would require also that the U.S. extend economic aid to south Korea in order to forestall the economic breakdown which can be expected to ensue should no provision be made for the continuation of at least a minimum of relief and rehabilitation assistance following the withdrawal of U.S. occupation forces. Every effort should be made, as an essential part of such a program, to encourage the Korean government to follow policies which would enhance political and economic stability and retard the growth of Communist influence through political subversion or other non-violent means. This course of action would reduce the drain on U.S. resources and avoid underwriting a new Korean government to the extent that involvement in Korea might become so deep as to preclude disengagement. It would not, however, rule out the possibility of continuing post-withdrawal military and economic assistance to south Korea should such further assistance be deemed desirable in the light of developments.

(c) *To guarantee the political independence and territorial integrity of south Korea, by force of arms if necessary, against external aggression or internal subversion.* This course of action might or might not involve the continued military occupation of south Korea but would, in any event, commit the U.S. to continued direct political, economic, and military responsibility, even to the extent of risking involvement in a major war, in an area in which virtually all of the natural advantages accrue to the Soviets. It would, however, constitute the only certain means of ensuring that south Korea would not be brought under Soviet domination by any means short of war.

#### CONCLUSIONS

3. In light of the foregoing, it is concluded that :

a. It should be the effort of the U.S. Government through all proper means to effect a settlement of the Korean problem which would enable the U.S. to withdraw from Korea as soon as possible with the minimum of bad effects.

b. As a means to this end, the U.S. should pursue the course of action outlined in 2-d-(4)-(b) above, embracing specifically the following steps :

(1) Expeditious completion of existing plans for expanding, training, and equipping the south Korean constabulary as a means of pro-

viding, so far as practicable, effective protection for the security of south Korea against any but an overt act of aggression by north Korean or other forces.

(2) Completion of the presently planned Government and Relief in Occupied Areas and rehabilitation programs for fiscal year 1949 to aid in forestalling the economic collapse of south Korea. This action requires legislative authority from Congress (now being sought) for the expenditure in south Korea, after the withdrawal of U.S. occupation forces, of unexpended funds appropriated to the Department of the Army.

*c.* The U.S. should be prepared to proceed with the implementation of withdrawal, following the formation of a government in south Korea, such withdrawal to be phased in consonance with the accomplishment of the objectives outlined herein and with the relevant commitments of the U.S. vis-à-vis the UN. Every effort should be made to create conditions for the withdrawal of occupation forces by 31 December 1948.

*d.* There should be established, following the withdrawal of occupation forces, a U.S. diplomatic mission to represent U.S. interests in Korea and to make recommendations in the light of future developments as to the continuation of economic and military aid. If UN action or other developments warrant, such a mission should include a military advisory group of appropriate size. This mission should use its influence to persuade the new government in south Korea to follow policies which would contribute to its own stability and to the advancement of U.S. interests in that area.

*e.* The U.S. should encourage continued UN interest and participation in the Korean problem and should continue to cooperate with the UN in the solution of that problem.

*f.* The U.S. should not become so irrevocably involved in the Korean situation that any action taken by any faction in Korea or by any other power in Korea could be considered a *casus belli* for the U.S.

*g.* The U.S. should not exclude the possibility of further negotiations with the Soviet government on the subject of the unification and independence of Korea, should further developments indicate that such negotiations might serve a useful purpose.

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895.00/4-548 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

CONFIDENTIAL

SEOUL, April 5, 1948.

210. Cite Zpol 430. This morning Lyuh Woon Hong, head of Social Democratic Party (coalition) and brother of late Lyuh Woon Hyung,

called on General Hodge requesting, so he stated, on behalf of liaison group chosen to make exploratory trip to Pyongyang for Kimm Kiusic and Kim Koo: (1) credentials and (2) assistance in getting to Pyongyang on one of Command's trains supplying US liaison officers there. This liaison group consists of Choi Tong Oh, former vice chairman of SKILA who resigned when coalition group bolted that legislative body; Kwan Tai Yung, Kimm Kiusic's secretary; and Ahn Kaung Kern, Kim Koo's secretary.

General Hodge declined either to give credentials or to permit group to travel on US military train. He told them it was policy of Command neither to assist nor to obstruct departure and travel of representatives invited to attend proposed conference of North-South Korea leaders at Pyongyang. General Hodge added that invitees were free to leave South Korea at any time if they traveled by ordinary public facilities. Also if he were advised in advance when they expected to cross border, he would give instructions to our military and to South Korean police that they should interpose no obstacles to their crossing the border in either direction.

I feel that the position taken by Command is eminently correct because Lyuh's approach to General Hodge seems to be effort either to gain official recognition of proposed group by Command or, if Command refuses to give such recognition, to elicit refusal in such way as to make it appear that Command prevented them from going to Pyongyang.

JACOBS

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895.00/4-248 : Telegram

*The Acting Secretary of State to the Political Adviser in Korea  
(Jacobs)*

SECRET      PRIORITY

WASHINGTON, April 5, 1948—6 p. m.

101. On basis info set forth your excellent telegraphic reports Dept sees cause for grave concern over possible effects proposed Pyongyang conference on forthcoming elections in south Korea.

Should Kim Koo and Kimm Kiu Sic join forces with north Korean group (urtel 200 Apr 2<sup>1</sup>) it would appear not unlikely that increasing number of their followers and sympathizers would boycott elections in south, which would then tend to assume to increased extent appearance of being staged for Dr. Rhee's private benefit. Quite apart from this possibility, it would appear to Dept that if astute propaganda from north distorting relative aims of Pyongyang conference and

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<sup>1</sup> Not printed.



UNTCOK is not promptly and effectively countered, popular support for elections in south Korea, together with prestige of US and UN, may in any event be expected sharply to decline during coming crucial weeks.

Whether provoked by defection of south Korean leaders or by cumulative effect of pro-Communist and anti-US-UN propaganda from north, substantial flight of popular support away from scheduled elections in south Korea would serve to strengthen hand of those members of UNTCOK who oppose UN observance of elections in south and might well result in decision by UNTCOK to disassociate itself from such elections. In addition, aside from question of UN participation, any factor contributing to lessening of popular support for elections in south cannot but contribute equally to instability of resulting govt and to difficulties which that govt will experience in withstanding Communist domination.

Dept believes neither US occupation authorities nor UN can afford to remain silent in face of this development and that aggressive propaganda campaign on behalf of Pyongyang conference must be matched by equally forceful campaign on our part, emphasizing in particular following points:

1) that primary objective of US in Korea has been and is to achieve unification of country on independent and democratic basis and that UNTCOK was voted into being by majority of free nations of world as means of accomplishing that purpose;

2) that efforts of UNTCOK to achieve that aim have so far been rendered fruitless by refusal of Soviet occupation authorities to permit participation of people of north Korea in elections to be held under UN supervision for purpose of creating freely-elected govt for all Korea;

3) that it is still our hope that avowed desire of people of north for united Korea will lead Soviet authorities to permit them to pursue that desire thru participation in UN-observed elections;

4) that if Soviet authorities are truly interested in unification of Korea a logical first step would be for them to relax rigid controls along 38th parallel and to permit economic unification of country long advocated by US and which they alone have prevented.

Foregoing points should be (and doubtless have been) emphasized also in your conversations with south Korean invitees, particularly Kim Koo and Kimm Kiu Sic, who might in your discretion be encouraged to make any approval of Pyongyang program on their part contingent upon UN observance of elections in north. Suggestion might also be made that they propose continuation of conference in Seoul in order to allow adequate expression of views of people of south Korea. You have undoubtedly already sought to impress upon Kim Koo and

Kim Kiu Sic inevitable fate of those who believe it possible to co-operate with Russian-dominated communist movements.

Dept interested in any info indicative of attitude of UNTCOK members toward Pyongyang conference or suggestive of any action which UNTCOK may contemplate in response to that development (urtels 202 and 204 Apr 3<sup>2</sup>). For your info, question of desirability of public statement by UNTCOK or by UN Secretariat is being informally considered by latter. Altho direct inquiry on subject should be avoided, Dept also interested in knowing whether any UNTCOK member likely to propose reference of Korean question to special session GA this month. In this connection Dept is in general opposed to inclusion in agenda of substantive matters extraneous to Palestine issue, and would favor consideration of Korean question at that session only if developments in Korea should make such consideration imperative.

LOVETT

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<sup>2</sup> Neither printed.

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895.00/4-648 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SEOUL, April 6, 1948.

214. Pol 3243. Following is statement issued by General Hodge April 5 and broadcast over radio and released to press in connection with proposed conference North-South Korea leaders at Pyongyang:

"We have been hearing much recently concerning the so-called North-South Korea Leaders Conference for uniting Korea. Some uninformed persons seem to believe that such a conference will solve the problem and therefore it eliminates the need for the election of the representatives of the people as a necessary step for re-establishing Korean sovereignty. The very fact that preliminary negotiations between certain Korean individuals for a North-South Conference under way makes it all the more important at this time that the people elect their representatives as soon as possible. Then their elected representatives can participate in and put the stamp of approval on any negotiations to be carried on in the name of the South Koreans. Unification of North and South Korea into a sovereign state has all along been a primary aim of the United States. Unification through elections is what the United States had in mind when proposing elections under United Nations observation. It is also one of the important purposes which the Interim Committee had in mind and incorporated in its instructions when it approved the elections in those areas of Korea where they could be held.

Who can we say are truly representatives of the Korean people, unless they have been duly elected by the Korean people in a free election? Those alleged to be representatives of the Korean people without a popular mandate from the people cannot be true representatives.

As to the present status of the North-South Conference proposal, it is interesting to note that the Korean heads of the Communist Govt of North Korea themselves are naming the South Korean representatives to be invited. They did not give to South Koreans any choice as to whom the South Koreans should name to represent them. This is in spite of the fact that South Korea contains two-thirds of Korea's population and that South Koreans first proposed a North-South Conference. In their invitations the North Koreans have failed to invite the well-known leaders of several major parties and groups of South Korea. They invited only those who oppose democratic elections which will provide the only way of determining whom the Korean people wish to represent them. Although they invited a few well-known South Koreans, most of those invited were their own stooges who have carried out subversive Communist activity in South Korea since V-J Day in their attempt to push all of Korea into the Communist satellite fold. Since none of those invited by the North Korean Communist Govt are elected representatives of the Korean people, they have no mandate to speak for the people of South Korea. They can only speak for themselves and a few close associates.

There can be no doubt but that these same North Korean individuals are laying down all the conditions for the conference. It is reasonable to assume that the agenda for the conference has already been prepared by them. In judging the intention behind this move of the North Koreans it should be kept in mind that the US proposed and the UN Organization voted overwhelmingly to hold general elections throughout all Korea under UN observations, but the Soviet masters of the North Korean Communists seem to fear the results of any free elections in North Korea and apparently do not want the representatives of the UN to see and contact the masses of Koreans in North Korea. It is patent to the close observer of world affairs that this present proposal through the North Korean Communists is another effort to deceive the good people of South Korea. It is also clearly furtherance of the Communist aim to seize control of all Korea by fair means or foul, disregarding completely the wishes and the will of the people of Korea.

The Korean people must not be fooled by tricks. The one surest way in which there can be an effective and lasting uniting of North and South Korea by the Koreans themselves is through the action of elected representatives of the people. Hence it is absolutely essential



that every man and woman over 21 full years of age go to their place of registry immediately and register. They must go to the polling places on election day and vote for their own selection of representatives who can in a truly representative capacity take steps to bring about the unification of Korea and make it a truly sovereign state according to the wishes of those who elected them.["]

JACOBS

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740.00119 Control (Korea)/4-648

*The Assistant Secretary of State for Occupied Areas (Saltzman) to the Comptroller General of the United States (Warren)*

SECRET

WASHINGTON, April 6, 1948.

DEAR MR. WARREN: Reference is made to the meeting in your office on March 30, 1948 at which time a proposed agreement between the Department of the Army and United States Military Government in Korea for the settlement of accounts for supplies and facilities furnished United States forces occupying Korea was discussed. It was then agreed that the Department of State and the Treasury Department would make available to you in writing their respective views concerning the matter.

The Department of State is in complete agreement with the position of the Department of the Army that, in accordance with U.S. policy, the occupation costs of this Government in Korea should not be borne by the occupied territory, and that reimbursement for supplies, facilities and services already furnished should be made to the United States Military Government, for the benefit of the economy of Korea, as soon as possible. The view, namely, that U.S. armed forces stationed in Korea should pay their way therein as from the date of liberation of Korea, September 9, 1945, is consistent with the policy and commitments of this Government to treat Korea as a liberated and not a conquered country.

In view of your concern with certain legal aspects of the matter, indicated at the meeting referred to, I am enclosing a memorandum of the Legal Adviser of the Department relating thereto.<sup>1</sup>

Appropriate steps will, of course, be taken by the United States Government to protect its interests, in this matter as well as others, upon termination of the occupation of Korea by United States forces.

Sincerely yours,

CHARLES E. SALTZMAN

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<sup>1</sup> Dated April 2, not printed.

895.00/4-748 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

CONFIDENTIAL

SEOUL, April 7, 1948.

215. Cite Zpol 436. While the siren call of Pyongyang for conference has South Korean leftists and middle roaders agog with preparations for that conference, this shifting of their interest from forthcoming South Korea elections has left vacuum in South Korean political area which is producing repercussions in rightist camp. As rightists, at least for moment, have clear field, their own differences are now causing cracks to appear in their hitherto united front. Both Rhee and Kim Seung Soo appear to have lost some control of their groups, the Society For Rapid Realization of Independence and Han-kook Democratic Party, respectively.

As regards Kim Seung Soo, he is having difficulty in maintaining party discipline, especially with respect to candidates which his group will nominate. Thus Kim wants one candidate, the youth section another, labor section still another for a given voting area. Kim himself in his own district declined to be candidate in order to find place for Yi Yun Yung, head of a strong rightist group of North Korean exiles in South Korea (also head of Chosen Democratic Party of North Korea) but Kim cannot put that across in his own district. Another fundamental difficulty arises (and this is also true in case of Rhee's group) from fact that a struggle is now beginning between conservative and liberal elements of rightists, former consisting of older and wealthy members and latter of younger generation who are more socialistically inclined though not Communists.

As regards Rhee and his group, we know that he has issued public statement that various people have been claiming to represent him and to speak for him whereas he has only two secretaries who have such authority, namely, Lee Ki Poong and Yun Suk Oh.

We also know that Rhee recently told newspaper correspondents enjoying his confidence that he did not want any more lambasting of State Department and General Hodge as he was going to need all help he could get. Rhee has also hitherto declined to be candidate for Constituent Assembly, his reason being that he fully expected sufficient number of his own followers to be elected to Constituent Assembly and from there offer him presidency. In view however of ferment going on among rightist group he seems to have some misgiving about that development and he is now considering announcing himself as a candidate.

Another reason which moves Rhee to consider announcing himself as candidate arises from growing divergencies of views among rightist

group as to form of government which will be set up when assembly convenes. Hitherto, Rhee has anticipated that provisional constitution which Skila attempted adopt would be approved by Constituent Assembly but it now appears that there are two other constitutions in offing. Sentiment seems to be crystallizing into two groups: One that would establish a democracy in which strong powers would be vested in hands of President, the plan which Rhee and conservative group favor, and second that which would establish a democracy in which power would be centralized in Prime Minister and his Cabinet with a weak Chief of State, the plan favored by rightist liberals. Rhee fears that if Constituent Assembly should adopt second plan he, Rhee, would become figurehead President with power in hands of Prime Minister (probably Kim Seung Soo) and Cabinet Rightist police chief Chough is said to be pursuing middle course between Rhee and Kim Seung Soo's factions, hoping thereby to enhance his own ambitions in event of major collision between those two groups.

The ferment in rightist ranks is of great importance to us and will be watched with care. If leftist and middle roaders continue boycott election, it will become more acute as time goes on. If on other hand middle roaders, or even leftists as it is still possible that they may do, participate in elections, this inevitable struggle among rightists will be postponed to some later date.

JACOBS

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501.BB Korea/4-848 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

CONFIDENTIAL

SEOUL, April 8, 1948.

217. Cite Zpol 438. Following is report of some refreshing views of new Indian delegate Bahadur Singh by General Hodge after talking with Singh at dinner:

(1) Singh is pleased with progress of registration and extent and effectiveness of election education program. Says his colleagues who have done most of criticizing are becoming educated. Thinks there can be better election in Korea than in India or China. However, he is concerned about ability of Koreans to govern themselves and is not happy about prospects of Kim Koo and Kimm Kiusic attending Pyongyang Conference.

(2) He fears Communist violence may interfere with elections and, taking realistic view, even suggests use of soldiers, police and constabulary to protect polling places.



(3) He made effort to ascertain just exactly what US is going to do in Korea after government is formed, indicating fear that US will leave Korea to its devices and Communism.

(4) He is giving thought to what UNTCOK will do after election, saying that is where UNTCOK's real job begins. This is refreshing contrast with shallow thinking of most delegates and most members of local secretariat whose chief thought is how soon they can get out of Korea.

(5) Says from Oriental viewpoint South Korea has great freedom and that non-Oriental delegates are prone to apply idealistic standards here which are suitable only for their own countries.

(6) Expressed much interest in the talks he has had with refugees from North Korea.

[JACOBS]

895.00/4-948 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SECRET

SEOUL, April 9, 1948.

230. Cite Zpol 451. Following are comments on Deptel 101, April 5:

1. In view of urgency created by rumors (Seoul PolAd 220, April 8<sup>1</sup>) which were causing increasing bewilderment among Koreans, General Hodge and I decided that it was desirable that I issue a statement which we prepared along lines indicated in Deptel 101 even though General Hodge had released his statement of April 5 only few days previous (Seoul PolAd number 214, April 6). Text my statement was transmitted in Seoul PolAd 225, April 9.<sup>1</sup>

2. After careful consideration of how we might make further efforts to persuade Kim Koo and Kimm Kiusic to be reasonable about Pyongyang conference, General Hodge and I reached conclusion that little can be done. Both Kims are stubborn men and having made up their minds there is little we can say or do, except through our public statements, to dissuade them or to suggest what they might suggest as counter proposals when they arrive in Pyongyang. Kimm Kiusic seems to be going through very "anti-American" phase only partially revealed in translation of his remarks communicated in Seoul PolAd 226, April 9.<sup>1</sup> While on surface, hue and cry of both Kims is "unification of Korea", in reality basic cause of their proposal for north-south conference and acceptance of Pyongyang invitation is realization that they have no real following (insufficient at least to ensure their election

<sup>1</sup> Not printed

or appointment to high office) and they "don't want to play ball". They prefer to seek better prospects elsewhere. Communism flourishes upon such dissidents. However both Kims are also trying keep toehold in South Korea in case things do not turn out well at Pyongyang. We have had reports for several days that Kimm Kiusic has secretly (because he is openly boycotting election) told his friends to nominate candidates and campaign for them in hope of getting few at least of his supporters in national assembly.

3. As indication of how little support Kim Koo and Kimm Kiusic and leftists have in South Korea, results of registration are revelation. About 85 percent of eligible voters have registered to date. Assuming that leftists and moderates have boycotted election and failed to register (we can so assume on basis of their public statements), it is apparent that leftist and moderate strength may be as low as 10 to 15 percent of all eligible voters. Last summer, we estimated it to be from 30 to 35 percent. Thus leftist and moderate strength has dropped considerably or they are registering [in] spite of their public boycott.

4. At one time Patterson, Jackson and Djabi favored and even fostered north-south conference but idea was not approved by other delegates. At present time, insofar as can be ascertained, none of delegates are particularly interested although indicated in Seoul PolAd number 204, April 3,<sup>2</sup> Patterson, Jackson and Mughir conferred with Kim Koo on subject and may secretly favor it. It has been suggested that these three may raise question after election May 10.

5. Insofar as can be ascertained no delegate is talking at present of referring Korea problem to special session General Assembly. All seem to be pleased with registration results and for once are not agitating anything, apparently happy or resigned, depending upon their views, to observation of election May 10.<sup>3</sup>

JACOBS

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<sup>2</sup> Not printed.

<sup>3</sup> Telegram 243, April 16, from Seoul, reported final figures of registration results as 8,771,126 eligible voters (8,055,295 registering or 91.7%) (895.00/4-1648).

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740.00119 Control (Korea)/4-1448

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

No. 90

SEOUL, April 14, 1948.

[Received April 23.]

SIR: I have the honor to enclose a proclamation issued by Lieutenant General John R. Hodge on April 5, 1948,<sup>1</sup> outlining the rights of the Korean people in view of the forthcoming elections.

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<sup>1</sup> Not printed.

General Hodge's proclamation may be considered as a new source of law governing fundamental rights in South Korea. It is a compound of civil rights provided for in the Japanese constitution and liberties guaranteed by the Bill of Rights of the American constitution. It was promulgated largely to meet the insistent queries of the United Nations Temporary Commission on Korea, in connection with that Commission's interest in the maintenance of a free atmosphere for elections to be observed by it, as to the substantive legal basis for civil liberties in South Korea. Some vagueness had existed on this subject in view of the presumptive inapplicability of the Japanese Constitution to Korea by virtue of the Potsdam Declaration, of SCAP proclamation No. 2 of September 7, 1945, of U.S. Army Military Government ordinances declaring all Japanese laws still in force unless repealed, et cetera.

Respectfully yours,

JOSEPH E. JACOBS

501.BB Korea/4-848 : Telegram

*The Acting Secretary of State to the Political Adviser in  
Korea (Jacobs)*

SECRET

WASHINGTON, April 16, 1948—6 p. m.

112. Reurtel 219 Apr 8 '48.<sup>1</sup> Believe latest draft enabling legislation now being discussed with Congress ensures that economic aid presently contemplated subject to adequate control SecState. Contemplated aid agreement between US and new Korean Govt will provide for discontinuation or modification such aid if in opinion SecState it is not being used effectively or for purposes intended. Complete text latest draft Occupied Areas Act 1948 being sent by pouch. Fol are sections of particular interest Korea :

"Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made for such purposes for occupied areas in Japan, Korea and the Ryukyu Islands, to make advances not to exceed in the aggregate \$40,000,000 to carry out the provisions of this act in such manner, at such time, and in such amounts as the President shall determine, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest from appropriations authorized under this Act for advances made by it hereunder.

Sec. 4. Funds appropriated pursuant to the authority of this Act and unexpended at the time of termination of the occupation by United States, of any areas for which funds are made available under this Act, may be expended by the President for the procurement of such commodities and technical services as he shall determine to be

<sup>1</sup> Not printed.



necessary to assist in the maintenance of the political and economic stability of such area; Provided, That before any such assistance is made available under the provisions of this section, an agreement shall be entered into between the United States and the recognized government or authority as the President may determine to be necessary in order to assure the efficient use of such assistance in furtherance of the purposes of this section: And Provided Further, That such agreement shall, where applicable, include requirements and undertakings corresponding to the requirements and undertakings specified in sections 5, 6 and 7 of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress)".

LOVETT

501.BB Korea/4-2248 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SECRET

SEOUL, April 22, 1948.

261. Cite Zpol 510. Learned this morning that Jackson, Patterson and Milner<sup>1</sup> of UNTCOK called on Kimm Kiusic shortly before his departure and urged him to go to Pyongyang, saying that if Kimm's or other reasonable terms were accepted, UNTCOK might postpone election scheduled for May 10th. This might have been deciding factor in persuading Kimm Kiusic to depart as he had previously, while wavering, been leaning toward not going to Pyongyang and was even attempting to find excuses why he should not go.

As far as can be ascertained at present, Jackson, Patterson and Milner took this action without consulting other delegates. Some delegates were not even in Seoul as they were in provinces on observation. Hence, we have Australia and Canada still attempting sabotage the election in South Korea. I use word "sabotage" advisedly because anyone possessing (1) a little knowledge of Soviet policy and tactics and (2) good horse sense, must realize that nothing can come of Pyongyang conference for Koreans or non-Soviet nations except fool's paradise.

Also learned this morning that Kimm Kiusic transmitted his "five point general principles" to UNTCOK by letter on April 19 and that letter will appear in UNTCOK restricted document A/AC.19/W.43/add.3, dated April 20. This letter may have led up to visit referred to above. Reference similar call by 3 persons mentioned on Kim Koo see paragraph 4 of Seoul PolAd 252, April 16.<sup>2</sup>

JACOBS

<sup>1</sup> I. F. George Milner was an Australian member of the UNTCOK secretariat.

<sup>2</sup> Not printed. The Department in telegram 120, April 24, 2 p. m., to Seoul, asked if there were any objection to informal representations to the Australian and Canadian Governments, and telegram 271, April 26, from Seoul, indicated there was none, although little good was likely to be accomplished "unless Kim Koo or Kimm Kiusic or both agree in Pyongyang upon some course of action which will bring them back to South Korea as Soviet stooges for purpose of agitating against election May 10. In that event Dept might well make representations in hope of preventing Jackson and Patterson from giving them comfort and support." (501.BB Korea/4-2248, 4-2648)

895.6463/4-2448

*The Assistant Secretary of State for Occupied Areas (Saltzman) to  
the Under Secretary of the Army (Draper)*

SECRET

WASHINGTON, April 24, 1948.

MY DEAR MR. DRAPER: Recent reports from General Hodge indicate that the Soviets have resisted attempts by the theater to settle the power agreement, and acting through the medium of the North Korean Peoples Committee, they may attempt a power cutoff prior to or coincident with the establishment of the new Korean Government. The statement is made in Seoul's Zpol 395 of March 29, 1948<sup>1</sup> that South Korean power production in April may increase to approximately 50,000 kilowatts or slightly more than is necessary to meet South Korea's requirements for essential purposes. Part of the increase is accounted for by the activation of the power boat *Jacona* in Pusan.

If it is possible to step up production in the Yongwal thermal plant and to rehabilitate the power barge *Electra* which has a capacity of 6,000 kilowatts, the threat to South Korea of a power cutoff by North Korea will be greatly reduced. The power boat *Jacona* and the power barge *Electra*, with a total estimated capacity of 26,000 kilowatts would seem to provide the margin of safety needed by South Korea. It is my understanding that these power units are being loaned by the Department of the Navy to USAFIK for the period of the United States occupation. If, when the occupation terminates the Department of the Navy withdraws its barges from South Korea, the newly established Korean Government would be at the mercy of North Korean Peoples Committee in regard to power supplies.

As you know, the Department of State, in the proposed Occupied Areas Act of 1948, is requesting authority from the Congress for the expenditure of funds in South Korea for economic assistance purposes for the period from the termination of the occupation until June 30, 1949. No plans for aid beyond that date have yet been formulated. The maintenance of an adequate electric power supply in South Korea is an integral part of the assistance program planned for that area by State and Army. For this reason I think it is important to reach a decision concerning the desirability and feasibility of retaining in South Korea after termination of the occupation those Navy Department power units which are now on loan to the USAFIK. If it should prove inadvisable to retain these power units in South Korea, it will be essential to seek out alternative means of increasing South Korea's power producing facilities.

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<sup>1</sup> Not printed.

I would appreciate getting your views as to the accuracy of my analysis of the problem and also any suggestions you may have as to its solution.

Sincerely yours,

CHARLES E. SALTZMAN

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501.BB Korea/4-2748 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

CONFIDENTIAL      PRIORITY

SEOUL, April 27, 1948.

274. Cite Zpol 538. With further reference Jackson's attitude as reported in Seoul PolAd 271, April 26,<sup>1</sup> following is gist of high points of his conversation with General Hodge and General Weckerling:

1. Jackson said he now has instructions giving him freedom of action in reaching decisions on forthcoming election, adding that Evatt<sup>2</sup> will follow his recommendations implicitly.

2. He said he was more than satisfied with what he found on his observation trips, especially insofar as concerns United States officials and their efforts to bring about conditions conducive to holding of fair election. He added, however, that situation appears "too perfect" and that he is afraid report along that line would not be good for United States because it would be attacked by Russians. He is trying to find formula which would describe situation in "true light" as that would be "best for the United States." He said if Commission tried to make "perfect report," it would be opposed by Patterson, Mughir and himself and probably by Singh.

3. During these conversations he emphasized by repetition that he wanted to do what was best for United States and yet keep indicating that whatever was done must take into consideration susceptibilities of the Russians.

4. Jackson inquired specifically of General Hodge what United States wanted. Parenthetically, it may be stated that this is a question which Paul-Boncour and Manet are continually asked. General Hodge replied (and we follow this line generally)

A. That we hope UNTCOK will proceed actively with all steps necessary for observance of election and cease doing anything that will give comfort to those who are either not participating or are actually boycotting the election;

B. That we want UNTCOK to assist in arrangements which will follow election as provided in paragraph 4 of resolution 2; and

C. That we want unification of Korea and visualize (B) as necessary step toward realization of that ultimate objective.

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<sup>1</sup> See footnote 2, p. 1180.

<sup>2</sup> Herbert V. Evatt, Australian Minister for External Affairs.



Jackson's views continue to be incoherent and inconsistent with his actions. Many of his remarks do not make sense. It seems fact, however, that he must have received some new instructions, exact nature of which he has not revealed, and it appears he is definitely trying to ingratiate himself with us without exactly dropping views, at least entirely, which he has been holding all along. For instance on Sunday, the day before he saw General Hodge, Jackson told *New York Times* correspondent that he could find nothing wrong because both Koreans and Americans have been too well rehearsed and that he was sure plain-clothes police were around the corner to take care of anyone who spilled the beans. When asked if he has checked on these police, he stated it would be impolite to do so.

Parenthetically, Patterson also told *New York Times* correspondent Sunday that while UNTCOK could not take official cognizance of north-south conference, he personally thought it was finest thing that had happened since his arrival in Korea.

JACOBS

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123 [John J. Muccio]

*Memorandum by the Secretary of State to President Truman*<sup>1</sup>

CONFIDENTIAL

WASHINGTON, April 27, 1948.

Subject: Proposed Appointment of Mr. John J. Muccio as Ambassador to Korea.

In anticipation of the creation of a government of Korea as a result of the elections scheduled to be held in south Korea on May 10 under the observation of the United Nations Temporary Commission on Korea, and also in anticipation of the establishment of an American Embassy at Seoul, which has been given your approval, it is necessary to clear with you at this time the appointment of our first Ambassador to Korea in order that the Department will be able to act with despatch at the proper time. Consequently, I am now proposing for your consideration for this position the name of John J. Muccio, a Foreign Service Officer of the Class of Career Minister.

Since his entry into the Service in 1921, Mr. Muccio has demonstrated unusual ability and as a result of his outstanding attainments he has steadily progressed to the top rank of the Service. In the early part of his career he had extended service in the Far East; later he served at various posts in South America; and more recently was attached to the Staff of the United States Political Adviser on German Affairs, Supreme Headquarters, A.E.F., Berlin. Because of his wide experience and unusual knowledge of Service matters, he was appointed Chief

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<sup>1</sup> Written notation on April 28: "Approved Harry S. Truman".

Foreign Service Inspector for Asia and Africa on July 1, 1947, and promoted to the class of Career Minister. It is felt that he is eminently qualified to assume the duties of Chief of Mission, particularly in the area in question.

If this recommendation meets with your approval, I should appreciate being so informed. In view of the fact, however, that the circumstances under which the United States enters into relationship with the new Korean Government will be to a certain degree dependent upon the recommendations of the United Nations Temporary Commission on Korea in that regard, it is requested that no announcement be made at this time regarding his appointment and that Mr. Muccio's name not be sent to the Senate for the time being. In this connection, the possibility is envisaged that, should you approve Mr. Muccio's appointment, circumstances might require that he proceed to Korea at the outset as diplomatic agent pending the formalization of our relations with the new Government.

G. C. MARSHALL

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501.BB Korea/4-2848 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

CONFIDENTIAL

PRIORITY

SEOUL, April 28, 1948.

280. Cite Zpol 548. At plenary session this morning UNTCOK decided that, having found a "reasonable degree of free atmosphere" it would proceed with observation of election on May 10.<sup>1</sup> Understand that vote was 5 for and 3 abstentions, viz: Patterson, Mughir and Paul Boncour. The first two abstained for reasons as yet unknown and the last because he feels that more than reasonable degree exists.

Commission begins this afternoon discussion of what it will do after the election. Therefore, any guiding directive on that subject which the Department may wish to try to have the Secretariat at Lake Success send to UNTCOK or Secretariat here should be expedited.

JACOBS

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<sup>1</sup> UNTCOK press release 57, April 28, on this subject was quoted in telegram 283, April 29, from Seoul, not printed. For text released by the UN Department of Public Information on April 28, see Department of State *Bulletin*, May 30, 1948, p. 700.

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895.00/4-3048 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SEOUL, April 30, 1948.

291. Zpol 4566. Quoted below is USAFIK's translation of letter dated April 23 signed by alleged representatives of 56 parties and

organizations whose names will not be given in this message.<sup>1</sup> Of the 56 parties, 41 are alleged to be South Korean parties and organizations, majority of which are leftist. Kim Koo's and Kimm Ki-unic's organizations were only non-leftists of any importance but they individually did not sign for these organizations. The persons signing are very minor part representatives who accompanied them to North Korea. Following is text of message:

"Subject: Request from the joint conference of representatives of political parties and social organizations of South and North Korea

To: The Governments of USSR and USA

We, the representatives of over ten million members of 56 political parties and social organizations of South and North Korea, assembled here today and discussed the existing political situation of our fatherland. We hereby present this letter to the governments of USSR and USA in order that the will of the whole Korean people be brought to the attention of the governments concerned. Three years have elapsed since the emancipation of our fatherland, by the Allies assistance, from the Japanese imperialistic control and oppression.

We, the Koreans, congratulated the epoch-making, much coveted emancipation with wholehearted joy and eternal blessings, believing that we, the Korean people, who had been liberated from Japanese aggression and colonial slavery, could build sovereign, democratic, and independent nation in our fatherland. But, our peoples historic prayer for the rehabilitation of our fatherland as a sovereign, democratic, independent nation has not yet been fulfilled. Today our fatherland is separated in two parts. This has been a great hindrance to the political, economic and cultural life of our people.

Having analyzed and discussed very carefully the present political situation of our fatherland, we have come to the following unanimous decision:

We declare, without any hesitation, that the whole responsibility for creating today's unbearable political situation lies solely with the American Government authorities. Because, utilizing the temporary thirty-eight degree line drawn at the time of occupation of Korea by the two armies, the American Government authorities divided our fatherland forever and are to hold a unilateral election in South Korea for the purpose of delaying the unification and independence of our fatherland.

The joint conference of the representatives of political parties and social organizations of South and North Korea declare upon their own honor and responsibility that under no condition, no circumstance, nor at any time will the people of Korea ever recognize the unilateral election in South Korea and that with all their might they must block the materialization of the election. In the name of thirty million people of all Korea we oppose and protest against the UN decision, which was adopted without Korean representation and against the will of the people. We also oppose and protest against the illegal

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<sup>1</sup> The names were given along with text in despatch 108, May 3, from Seoul, not printed; received May 19 (895.00/5-348).



decision of the UN Interim Committee. We demand that UNTCOK must stop immediately the illegal, oppressive and irrational election trick and withdraw from Korea immediately because the UNTCOK has been utilized as a tool in dividing Korea.

The whole people of South and North Korea demand unification and democracy. The Korean people have ability to establish a united, democratic government with their own hands without any interference from any foreign nation.

According to our conviction, under the present circumstances any [and] conditions, the simplest, wisest and the most rational way of solving the Korean problem is by carrying out the USSR Government proposal for the immediate, simultaneous withdrawal of the foreign troops from Korea and giving the right to Koreans to solve their own national problem with their own hands.

The joint conference of the political parties and social organizations of the South and North Korea hereby requests of the USSR and USA Governments that the two nations' troops withdraw simultaneously from our Korea; that by a voluntary, free and democratic election throughout the whole country Koreans should establish a united, democratic nation which will enable our fatherland to have real independence and to become, on equal terms, a member of the family of freedom loving nations."

JACOBS

501.BB Korea/4-3048 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

RESTRICTED      PRIORITY

SEOUL, April 30, 1948.

292. Cite Zpol 4558. After lengthy afternoon session UNTCOK today adopted resolution of which following is concluding paragraph (cannot get full text tonight).<sup>1</sup>

"Resolved that it proceed from Seoul to Tokyo on 15 May 1948 for the purpose of preparing its report on the work covered so far; that it returns to Seoul during first week of June and that during the period of its absence, liaison groups of its representatives remain in Seoul to receive all necessary information".

JACOBS

<sup>1</sup> The remainder of the text was quoted in telegram 298, May 1, from Seoul, not printed. The resolution was printed as doc. A/AC.19/69, April 30.

501.BB Korea/5-348

*The Under Secretary of the Army (Draper) to the Under Secretary of State (Lovett)*

TOP SECRET

WASHINGTON, 3 May 1948.

DEAR MR. LOVETT: Recent developments regarding the implementation of the United Nations resolution on Korea are of some concern to

the Department of the Army in anticipating developments during the coming months.

In the first place, I am sure you have also noted the marked inclination of the United Nations Temporary Commission on Korea (UNTCOK) to misjudge the realities of the situation in Korea in considering an idealistic application of the UN resolutions. This inclination evidently stems as much from an utter lack of understanding of Soviet motives and intentions as from an unsound appreciation of the difficulties faced by American occupation authorities in maintaining law and order during this critical time. In addition, most members of the Commission are obviously anxious to divest themselves of any further responsibility after supervising the elections. In addition, the Australian and Canadian members have made continuing attempts to impede the progress of the Commission, including covert interference with scheduled elections. I understand you propose to again raise this question with their respective governments, with which we fully concur. A final complication has been the obstructionism of a Soviet in the UN General Secretariat, Sobolev by name, who, as the Assistant Secretary for Security and Political Affairs, normally clears all instructions to the UNTCOK.

The Department of the Army believes that despite these complications, the maximum benefit to US interests is being achieved by UN participation in the Korean problem, both through the UN Resolution on Korea, and through the proposed observance of the forthcoming elections by the Temporary Commission. It is believed that this participation has materially assisted in furthering the US policy, recently approved by the President, that every effort should be made to create conditions for the withdrawal of US occupation forces from Korea by 31 December 1948. It would therefore be contrary to US interests if the US were to maneuver itself into such a position in the UN that our government would have difficulty in refusing to accede to a request to prolong its occupation on technical grounds. In the light of the circumstances mentioned in the preceding paragraph, I am somewhat concerned lest such an embarrassing request might materialize as a result of US efforts to continue active UN interest and active participation in the Korean problem after the forthcoming elections.

I strongly recommend therefore that in our continuing communications with the UN and with our representatives in Korea nothing should be suggested or pressed which would require specific action by the UN or its Commission since the specific actions necessary after the elections will undoubtedly have to be carried out by American representatives in Korea. Any other course might well result in com-

plications which could jeopardize the contemplated withdrawal of US forces.

Sincerely yours,

WILLIAM H. DRAPER, JR.

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895.00/5-348 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SEOUL, May 3, 1948.

311. Following is text of statement which is being issued today by General Hodge:

"I am sure that many of the Korean people have heard confusing stories about the so-called 'north-south conference' at Pyongyang. Except for the glowing Kremlin-directed Communist stories given out by the Pyongyang radio, or turned out by the local Communist propaganda cells and press in South Korea, most of what you have heard is rumor. It is possible that some of you may be confused.

"I believe it would be worthwhile to analyze this conference, particularly as to what actual representation South Korea has had at the conference and as to what the conference is all about, as judged by their own official radio announcements, and what we here know about the subject.

"Of course, North Korea is represented in the conference only by those political organizations sponsored and fully approved by the Soviet Command, so that we can be sure of their allegiance and obedience to Soviet dictation. Otherwise, they could not exist as parties in North Korea. It should be noted that the great Korean patriot, Cho Man Sik, has been conspicuous by his absence from this conference. South Korea, with two-thirds of the nation's population, including some millions of Korean refugees who have fled from the 'heaven' of North Korea, is represented by all the Communist Democratic Front parties of South Korea, who have been directing and operating terroristic violence, slaughter, arson and sabotage in South Korea, plus a few small heavily Communist infiltrated fellow-traveler parties who follow truly the Communist Party line in slogan and policy. The only notable exceptions to this grouping are two well known Koreans Kim Koo and Doctor Kimm Kiusic, whose followers in South Korea that have not now deserted them are mourning the fact that their leaders have fallen into the Communist trap set to catch patriotic but unwary non-Communists. The baiting of this trap follows the same familiar eastern European pattern used in the taking over of Poland, Yugoslavia, Bulgaria, Albania, Rumania and Czechoslovakia by the Communists, as well as in some other small nations who have completely lost their free democracy under Soviet pressure and direction.



"The South Koreans who were invited by and were acceptable to the Soviet sponsored 'north-south conference' are specifically those who 'oppose the elections in South Korea'. Of course, we all know that the Communists and their fellow travelers oppose the elections. We have not heard much of anything else in their 'party line' propaganda since last November, and this has greatly increased since the United Nations Commission arrived in Korea in January, the Communists oppose elections because their Soviet masters have ordered them to do so. They do not want any form of secret ballot election outside the absolute Communist pattern and control, because they know it will show up the numerical weakness of those Koreans who want to sell their nation into the slavery of a Communist satellite state. The reasons for opposition to election by the few other self-elected 'representatives of South Korea' have not been so clear to the people, but there is strong suspicion that they fear that their following, as expressed by the voters, will be extremely disappointing, and wish to save face by not participating.

"The very significant fact is, that in spite of all the propaganda and violence against elections on the part of the Communists and their stooges, plus the misguided efforts of those who boycott and oppose the elections, over 90 percent of all eligible Korean voters in South Korea have registered to vote. This shows their desire to select their own representatives by secret ballot to form a Korean Government. In the face of the facts and positive evidence in the case, how can anyone say that those self-appointed 'South Korean leaders' attending the Pyongyang conference in any way represent the good people of South Korea? Even if they represent every man and woman who refused to register they still 'represent' less than 10 percent of the South Korean people. Even this calculation of less than 10 percent disregards the many potential voters who could not register because they were ill, who were terrorized by Communist hooligans, who were away from home or who failed to register for some other reason other than actually opposing the elections. When we consider all these facts, we may well conclude that the so-called 'north-south conference' in Pyongyang should much more appropriately be called the 'all Korean Communist conference'. It certainly is not a conference where South Korea is represented in any appropriate manner that could be recognized by free and democratic nations. The official radio accounts of the sessions of the conference have been very illuminating: The principal themes of all speeches made in the sessions have been attacks on the United States, attacks on the United Nations Temporary Commission on Korea and attacks on the election set for 10 May. There is much eloquent double-talk about the election separating Korea permanently

into two sections. All such talk is amusing in its falseness. Koreans are all aware that the United Nations resolution called for elections throughout all of Korea: These elections to be followed by the elected Korean representatives establishing a Korean National Government, in turn followed by withdrawal of occupying troops. Koreans who know the facts, are aware that the United States has always tried and is still trying in every way possible to unite Korea into one whole nation under its own sovereign democratic government, according to the will of the people. They are aware that all member nations of the United Nations except the Soviet block of six voted to do just that by means of a free election as soon as possible throughout all Korea, to be followed by withdrawal of all occupying troops. All Koreans know that every effort to unite and free the Korean nation from occupation and place it under its own freely elected government has been consistently blocked by Soviet Russia by one device or other, accompanied by floods and floods of confusing and false propaganda, much of which is self contradictory.

"The record of the United States and United Nations on this matter is clear for all Koreans who watched the proceedings of the US-USSR Joint Commission, and who have seen Soviet Russia sabotage the efforts of the United Nations to treat national Korea as a national unit in order to have all Koreans, regardless of political beliefs have a say in forming their Government. The record is also clear that the Soviets, with their Korean stooges who want to sell Korea into Communistic slavery, have spared no effort to lay the blame on the United States. In this effort they have even gone into the propaganda song and dance that the United States wants Korea as a colony and a place for American military bases, which are the most fantastic lies of all.

"Of course, the motive behind all this bombastic propaganda is to try to prevent any Koreans from expressing themselves in democratic elections with secret balloting. All of the eloquent double-talk of the stooge delegates at the Pyongyang conference about the elections permanently splitting Korea is also fantastic. All of us know full well that the only thing that will permanently split Korea is continued Soviet refusal to see it united under any terms that will let Koreans (other than those few who want to sell their country into the Soviet fold) have a full say in their own Korean Government. Even the stooges who howl the loudest against the elections, move in a circle during the same speech to where they advocate nation-wide elections as the only means to Korean independence. This is exactly what the United Nations resolution provided and what was boycotted by the Soviet Command and its stooges in North Korea. The elections they fear are elections under observation of impartial international ob-

servers as opposed to elections rigged in the Communist style so as to be sure to elect good Communist Party men.

"Most of the foregoing is really background. Events in the last few days really bring out the real purpose of this conference. This is what the so-called 'north-south conference' has been built up as a smoke screen behind which the 'people's committee' Communist Korean Constitution has been approved and behind which the 'Korean People's Republic['s]' Government of all Korea will no doubt soon be announced, with the propaganda statement that it has the approval of all the people of Korea, both in north and south, represented by those who attended this conference. The 'conference' was the device used in an attempt to trick Koreans and the world's people into the belief that all Korea was represented there and that all these representatives have approved the new 'government' and its 'constitution'. How many of you who read or listen approve discarding the well-known centuries old flag of the Korean nation for one having as its most prominent feature the Red Star of the Soviet Republics? How many of you approve a 'constitution' copied from that of the 'satellite' states of eastern Europe and approved by a handful of appointed stooges who take all their orders from their foreign masters? All of you who registered are privileged to give your answer to these questions by going determinedly to the polls on Monday, 10 May, and casting a secret ballot for a Korean representative of your own selection, who can represent you in formation of a Korean Government and in a real north and south conference to unite the two halves of Korea. This solution gives a national future. Abject surrender to Communist dictation promises only national death to Korea."

JACOBS

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740.00119 Control (Korea)/5-648: Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

CONFIDENTIAL

SEOUL, May 6, 1948.

318. Cite Zpol 605. Syngman Rhee in conversation May 3 with reliable informant stated his position on withdrawal US-USSR armed forces as follows:

In general he agreed wholeheartedly with desirability of immediate withdrawal both US and USSR forces and thus permit Koreans settle their own affairs. He said he had expressed his position to that effect many times. However, such troop withdrawal would be meaningless unless simultaneously people's army of North Korea and any similar organizations were disarmed and disbanded and the arms turned over to Korean Central Government. Otherwise US forces must not leave



Korea until government has been set up, based on forthcoming election and has been given time and assistance to establish itself and to build up military forces adequate to defend South Korea from northern attack.

JACOBS

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501.BB Korea/5-1048 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

RESTRICTED      PRIORITY

SEOUL, May 10, 1948.

340. Cite Zpol 4969. Up to hour of preparation this message (7 p. m., May 10) election in Seoul has passed off without sufficient incidents to seriously affect election on large scale and reports from provinces received so far indicate same thing. Total reported killed today are 18 (5 police, 9 Communists and 4 Rightists). Even though this figure may increase as reports come in, total casualties for 20 million people should be comparatively light. Voting in Seoul was heavy, over 90% of registrants. Reports from provinces also indicate heavy vote. No reports received from Cheju Island.

JACOBS

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740.00119 Control (Korea)/5-1148

*Memorandum by the Director of the Office of Far Eastern Affairs (Butterworth) to the Secretary of State and the Under Secretary of State (Lovett)*<sup>1</sup>

TOP SECRET

[WASHINGTON,] May 11, 1948.

Subject: Replacement of Lieutenant General Hodge

Attached is the text of an outgoing telegram to CINCFE which was sent over by the Department of the Army for urgent clearance late yesterday afternoon. You will note that this message authorizes the issuance of orders, "at the earliest date consistent with events following the 10 May elections in south Korea", returning Lieutenant General Hodge to Washington for reassignment and appointing Major General John B. Coulter, the next senior officer in Korea, to succeed him as Commanding General, USAFIK. There is also attached a self-explanatory memorandum by the Chief of Staff, U.S. Army,<sup>2</sup> on the subject of General Hodge's replacement. In view of the lateness of the hour and the urgent nature of the Army's request for clearance, I cleared the attached telegram, which was seen also by Mr. Saltzman.

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<sup>1</sup> Initialed by the Secretary of State and the Under Secretary of State.

<sup>2</sup> General of the Army Omar N. Bradley.

We in FE have felt for some time that the acute personal animosity existing between General Hodge and Dr. Rhee, considered in conjunction with the fact that the latter is expected to emerge as the dominant figure, if not the titular head, of the new government in South Korea, would make it highly desirable that General Hodge be replaced before that relationship could be allowed to jeopardize the success of the negotiations incidental to the transfer of authority to that government. With respect to the timing of this move, it has been our further view that General Hodge should remain in Korea until after the elections, but that he should be replaced prior to Dr. Rhee's elevation to authority in order to avoid giving the impression that his replacement was arranged in order to placate Dr. Rhee. It would accordingly be desirable to move General Hodge before the meeting in about two weeks of the recently elected Assembly, as the Assembly will be the body which will give consideration to elevating Dr. Rhee to authority.

Although the north Korean Communists may endeavor to take credit for General Hodge's departure (they having recently broadcast a demand that he "get out of Korea with his clothes packed"), it is felt that their manifest failure effectively to disrupt the recent elections will give the lie to any such claim.

It is understood to be the intention of the Department of the Army that the lapse of time between the announcement of General Hodge's replacement and his actual departure will be as brief as possible.

W. W[ALTON] B[UTTERWORTH, JR.]

[Annex 1]

*The Joint Chiefs of Staff to General of the  
Army Douglas MacArthur, Tokyo*

TOP SECRET

Information ComGenUSAFIK Seoul Korea Personal for Hodge from JCS.

With the conclusion of an important phase of the US occupation of Korea, the Joint Chiefs of Staff consider it appropriate to authorize now the replacement of General Hodge, Commanding General, USAFIK.

Because of careful timing necessary to avoid unfavorable political capital it is requested that your general headquarters coordinate with General Hodge and issue orders, at the earliest date consistent with events following the 10 May elections in South Korea, directing that he report to the Department of the Army, Washington, DC for further assignment. It is also requested that you concurrently appoint Major General John B. Coulter as Commanding General, USAFIK to suc-

ceed General Hodge. In order to negate unfavorable political opportunism, it is considered that full advantage should be taken through simultaneous releases to the press in Washington, Tokyo and Seoul pointing out General Hodge's accomplishments and naming his successor.

It is further requested that you notify the Department of the Army of date determined for General Hodge's return and of time appropriate for simultaneous releases to press.

State concurs.

[Annex 2]

*Memorandum by the Chief of Staff, US Army (Bradley)*

TOP SECRET

REPLACEMENT OF COMMANDING GENERAL, UNITED STATES ARMY  
FORCES IN KOREA

1. Following the elections of 10 May 1948, in South Korea, it is expected that Syngman Rhee will emerge as a powerful influence over, if not the leader of, the new government in South Korea. Rhee has in the past conducted a continuous campaign of vehement attacks on Lieutenant General John R. Hodge, the Commanding General of United States Army Forces in Korea, since the commencement of the occupation. General Hodge recently pointed out, should he remain as CG, USAFIK during the crucial period of transfer of functions from the occupation force to the new government, it is possible, with Rhee's vindictiveness, that relations with the new government may become somewhat awkward.

2. CINCFE has expressed concurrence with the advisability of replacing General Hodge with a suitable commander at a propitious date consistent with events following the elections in South Korea. CINCFE has stated that he considers as suitable either Major General John B. Coulter or Major General Orlando Ward, both of whom are now assigned in Korea. Because they have been tactical commanders not involved in the political aspects of the occupation, neither has been the subject of attack by political groups in South Korea. General Coulter is the next senior officer to General Hodge in Korea, and the remaining portion of his present tour of overseas duty would, if found appropriate, permit his remaining to head any United States military mission which may be established in South Korea following the withdrawal of occupation forces.

3. The inability to predict accurately the exact sequence of events following the elections precludes naming a specific date for termination of General Hodge's assignment. The political implications also pre-



clude publication, in advance, of orders to effect General Hodge's return to the United States. The Department of the Army, therefore, proposes that the Joint Chiefs of Staff authorize CINCFE now to effect General Hodge's return to the United States and concurrently appoint General Coulter to command the United States Army Forces in Korea. The Department of State concurs in this action.

4. It is accordingly recommended that a message worded substantially as that appended hereto (Inclosure 1) <sup>1</sup> be dispatched immediately to CINCFE for action and to CG USAFIK for information.

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<sup>1</sup> Annex 1, p. 1193.

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895.00/5-1148 : Telegram

*The Secretary of State to the Political Adviser in Korea (Jacobs)*

RESTRICTED      US URGENT

WASHINGTON, May 12, 1948—3 p. m.

144. Reur 342, May 11,<sup>1</sup> Secy made following statement press conference noon May 12:

"The Korean people are to be congratulated on the success of Korea's first democratic election on Monday, held under the observation of the United Nations Temporary Commission on Korea. The fact that some 90 percent of the registered voters cast their ballots, despite the lawless efforts of a Communist-dominated minority to prevent or sabotage the election, is a clear revelation that the Korean people are determined to form their own government by democratic means".<sup>2</sup>

MARSHALL

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<sup>1</sup> Not printed.

<sup>2</sup> Dr. Syngman Rhee sent a telegram of thanks through B. C. Limb, Chairman of the Korean Commission, Washington, on May 17.

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501.BB Korea/5-1348 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SEOUL, May 13, 1948.

350. Following is text of UNTCOK press release No. 59, May 13, by Chairman Yasin Mughir of Syria.

"1. The commission has resolved to observe the elections in south of Korea provided it ascertained that fundamental freedoms of speech, assembly and press were respected and guaranteed. On 29 April, the Commission decided by a unanimous vote to observe the elections announced by the Commanding General of the United States Army in Korea, noting its satisfaction with the assistance and good will of the military authorities towards the achievement of these objectives.

"2. The Commission is well aware of the fact that these elections are not nation wide elections in the sense that they do not comprise the south and north of Korea, and that they do not include all, or most of the existing political parties and organizations. While the members of the Commission have been always unanimous in their concern about the Korean problem, they nevertheless show certain divergencies in their appraisal of these elections. Some of them doubt whether the very outcome of these elections will contribute to the solution of the Korean problem, and even if they do not entertain such doubts, they do not want to regard the elections in the south as nation wide. With perhaps some reservation as to the terminology, they want to call them 'decidedly rightists elections'. Other members of the Commission, while not completely satisfied with the achievement of the Commission, are inclined to think that these elections may be one step towards the unification and sovereignty of Korea. They certainly do not like to call these elections rightists elections, and if they do, they believe that non-rightists elements, or rather those factions of the people which opposed the elections, are a very small minority. Still other members are not yet ready to express a final opinion on the situation.

"3. With regard to the way in which these elections were conducted, some representatives have noted certain violations of the electoral law and the recommendations of the Commission. For instance, we have observed the presence of members of National Defense Corps in and around some polling places. These corps were organized by the police to assist them in keeping peace and order. They may have constituted certain degree of restriction on the freedom of the voters. In some places the police were inside the polling places. Members of youth organizations, sometimes in uniform, were also in and around some voting places. Some of us noted lack of privacy and secrecy in some places. On the whole, however, the elections were conducted very smoothly and on a fairly good level of organization and efficiency. In fact the efficiency was so remarkable that the figure of the voting reached a very high percentage in a few hours. This, in my mind, should give rise to a certain degree of caution and reservation in our appraisal of that efficiency. However, a final conclusion about the result of these observations will be made later and will be included in our report to the General Assembly.

"4. The Commission is well aware of the fact that observing the election completes only one stage of its mission. It has not yet committed itself to advise the elected representatives to immediately establish a national government. It is our hope that these representatives make all efforts before forming a government to get the support of those elements which opposed the elections, in order to achieve unity for Korea.

"5. The Commission regards the observation of the elections as one distinct and clear stage of its work, and it decided therefore to write the first part of its report to the General Assembly covering the elections. It decided to write this report somewhere outside of Korea in order to be able to concentrate on this phase of its task. At the same time, it has decided to leave a liaison group in Seoul during its absence. The Commission chose Japan, but General MacArthur had objections to the presence of Commission in Japan.<sup>1</sup> Nevertheless, the Commission has reaffirmed its decision to write the first part of its report outside Korea as soon as possible. With regard to the statements made by General MacArthur, the Commission wishes to emphasize that it will give serious attention to the matter through official channels.[""]

JACOBS

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<sup>1</sup> Before a misunderstanding could be straightened out in regard to UNTCOK visiting Tokyo, the decision was made to write the first part of the report at Shanghai, although General MacArthur on May 13 offered his services and arranged for offices in Tokyo. UNTCOK did not avail itself of this offer.

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501.BB Korea/5-1348 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SECRET      PRIORITY

SEOUL, May 13, 1948.

351. Cite Zpol 650. Following are comments on Mughir statement, text of which was communicated to Department in Seoul PolAd No. 350, May 13.

1. This statement was issued suddenly today by Mughir himself as chairman without usual UNTCOK number and, so I am informed by two delegates, without prior consultation with other delegates. Later Schmidt of the Secretariat gave it a number. Knowing something of Mughir, I am sure that he did not write it (his English is not good enough) although I am sure he entertains the ideas expressed therein. From all that can be learned, it was written by Schmidt collaborating with Mughir and using him as a front to put out his own ideas.

2. Understand that at least three delegates are rather incensed that Mughir took this unilateral action and one (French) has told me that he contemplates issuing release of his own to express other views. However, as all delegates (except possibly French) are incensed over their rebuff about trip to Japan, they are inclined to let their feelings run away with their better judgment and do nothing.

3. Clearly such a statement should not have been issued at this time before the election results have even become final. But aside from that fact, Mughir's references in paragraph 3 of the statement questioning



what he described as super efficiency of the election and in paragraph 4 to possible request by UNTCOK that the dissident elements headed by Kim Koo and [Kimm] Kiusic (elements which have been thoroughly discredited by election results) be taken into the new government, will arouse opposition and resentment among successful Korean leaders and incline them to refuse in advance when they might have been won over later in private discussions if effort toward that end should later be considered desirable. Commission has already lost much prestige among South Koreans by their biased attitude toward the North Koreans and dissident elements in South Korea and by their announced plan to write their report in Japan. Mughir's statement will further lower that prestige.

5 [4]. General Hodge and I have definite feeling that there is Communist group in UNTCOK, composed of Schmidt and Mughir, and possibly Milner and Engers,<sup>1</sup> aided and abetted by Jackson and Patterson for both personal and official reasons, which is seeking to see that UNTCOK's efforts fail and that as result Korea will fall into Soviet orbit. If they are not Communist fellow travelers, then they are stupidly playing the Communist game with little thought of really helping Koreans out of a dilemma from which neither they themselves nor the United States can do much to save them without UN help.

6 [5]. Have just learned that delegates Jackson, Singh, Liu and Mughir, accompanied by Schmidt and Hausner of the Secretariat, are leaving Sunday, May 16 for Shanghai to be followed in few days by remainder of UNTCOK (possibly few members of Secretariat will remain), the Commission having decided to write its report in China.

JACOBS

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<sup>1</sup> The latter was a Netherlands member of the UNTCOK secretariat.

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895.6463/5-1548 : Telegram

*The Economic Adviser in Korea (Bunce) to the Secretary of State*

SECRET      PRIORITY

SEOUL, May 15, 1948.

363. Cite Zpol 667. Reference PolAd No. 360, May 14,<sup>1</sup> regarding cut-off of electric power from North Korea.

Part 1. Soviet motives. It is believed here that Soviet motives in cutting off flow of power into South Korea were almost entirely political. By this action Soviets evidently hope (1) to embarrass preparations for establishment of new government by this new method following their failure to discredit recent elections; (2) to reemphasize

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<sup>1</sup> Not printed.

their propaganda theme that Koreans actually control North Korea and that Koreans problems can be settled best by direct negotiations between Koreans, with no direct participation of foreign powers (this is timed to embarrass US before responsible Korean group is in position to represent South Korea); (3) to enable the North Korean People's Committee to reach an agreement which might be the basis of *de facto* recognition, and in which the People's Committee is recognized as having sovereignty in North Korea; (4) to discredit the Americans' occupation and occupation policies in Korea in eyes of Koreans by impugning good faith of Americans; and (5) to attempt to assist Communist agitators in South Korea by forcing shut-down of factories, or at least sharp reduction in industrial production and curtailment of normal electrical services. This analysis of Soviet motives appears to be confirmed by timing of cut-off action, apparent lack of interest of North Koreans in picking up commodities now in South Korea valued at over \$2,000,000 and totaling 40% of old power bill, failure of Soviet commander to answer General Hodge's recent letters, and the general tenor and emphasis of both Soviet and Korean pronouncements from Pyongyang.

Part 2. Proposed American counter-actions. It is believed here that their action will make US willing to negotiate agreement at almost any price. Actually South Korean electric-power potential is substantially better at present than at any time since end of war. Power cut-off immediately reduced available power in South Korea by 60% but by putting stand-therman [*steam thermal*] plants and power-barge electric into operation, South Korean production has been stepped up 50% to average about 60,000 kw. This equals about 60% of the 100,000 kw total power available in recent months.

If conditions as outlined in Seoul PolAd No. 360 of May 14 can be effected, it is expected that during the rains in July and August, South Korean average power output can be boosted to 80,000 or 90,000 kw. Bituminous coal and petroleum coke now stockpiled in South Korea will enable Seoul and Pusan thermal plants to operate near capacity through July, but additional bituminous coal imports of 20,000 metric tons per month will be required thereafter as long as present emergency continues.

On basis of above facts, General Hodge will send another letter to General Korotkov reiterating his previous requests for conference in Pyongyang. He will emphasize that conference should include responsible Korean leaders from both North and South Korea, as in the past. If this approach fails, it may be desirable later to consider other approaches and possible take matter up on Washington-Moscow level to try to reach settlement for all past indebtedness (up to the time govern-

ment is established in South Korea) in conjunction with over-all settlement of US-USSR claims. It would be highly desirable to reach settlement regarding past power payments and enable new government to start with clear slate in negotiations regarding power to be purchased in future.

Part 3. Information program. Extensive information campaign in Korean mass media, including radio beamed to North Korea, emphasizes goods already received, goods awaiting shipment, offer to pay in US dollars, promises made to two Kims at North Korea joint conference, and political objective of sabotaging the coming Korean Government. This campaign will continue with application of rationing of power as expression of why rationing is necessary.

[BUNCE]

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501.BB Korea/5-348

*The Under Secretary of State (Lovett) to the Under Secretary  
of the Army (Draper)*

TOP SECRET

WASHINGTON, May 19, 1948.

MY DEAR MR. DRAPER: I have received your letter of May 3, 1948 in which you state that recent developments regarding the implementation of the United Nations Resolutions on Korea are of some concern to the Department of the Army in anticipating developments during the coming months.

The central question which is raised by your letter, and particularly by the recommendation contained in the final paragraph thereof, is one which relates to the competence and the responsibilities of the United Nations Temporary Commission on Korea in connection with its implementation of the program set forth in the second of the two Resolutions of November 14, 1947, within the framework of which the United States hopes during the course of the coming months to terminate its military commitment in Korea. The burden of your recommendation would seem to be that we should endeavor to minimize the participation of the UN and the Commission in that program lest there develop "complications which could jeopardize the contemplated withdrawal of US forces".

The view of the Department of State with respect to this question is that the competence and responsibilities of the Commission in Korea remain operative until such time as the program set forth in paragraph 4 of the second Resolution, including arrangements for the withdrawal of occupying forces, has been carried out to the extent that circumstances permit. The stipulated role of the Commission in the implementation of that program is one of consultation, and



it is our view that that body should be encouraged rather than discouraged in its fulfillment of that role. This view is based on our conviction that the extent to which we may be successful in minimizing the possible ill effects of our withdrawal from Korea will depend in large measure upon the extent to which the authority of the UN is associated with the program of which that withdrawal is a part. The desirability of continued UN participation in the Korean problem was recognized in the policy paper on Korea (NSC 8 of April 2, 1948) recently approved by the President, in paragraph 3 e of which it is stated that "The US should encourage continued UN interest and participation in the Korean problem and should continue to cooperate with the UN in the solution of that problem".

This Department is, however, entirely mindful of the considerations set forth in your letter, and would agree with you that we must keep those considerations constantly in mind if we are to give full effect to the additional provision of the same policy paper which states that "Every effort should be made to create conditions for the withdrawal of occupation forces by 31 December 1948".

Sincerely yours,

ROBERT A. LOVETT

895.00/5-1948

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

No. 135

SEOUL, May 19, 1948.

[Received May 31.]

SIR: I have the honor to present to the Department five copies of a statement issued by the Directorate of the South Korea Interim Government<sup>1</sup> on the "North-South Conference" held at Pyongyang April 19-28, 1948. The statement was released through the Department of Public Information May 7, 1948.

Terming the South Korean leaders who attended the conference as "unsuccessful but ambitious" the Directorate issued a five-pronged argument against the conference: (1) The conference supported the trusteeship which was opposed by all the Korean people; (2) The conference gave wholehearted support to Russia which in reality is opposed to democracy and seeks to use Korea for her own military and political ends; (3) Opposition to the so-called "unilateral" election is a blind to cover up Russia's opposition to any expression of popular will in Korea; (4) Russia's offer to withdraw her forces is based on the knowledge that she has three hundred thousand trained Communist "stooges" to leave behind; (5) The reports that the problems of electricity and irrigation between North and South have been settled are

<sup>1</sup> Not printed.

nothing but clumsy propaganda coming from Communists who do not hesitate to say yes and no at the same time.

The statement of the Directorate is a summation of the major criticisms of the Conference which, despite any idealistic motives held by South Koreans attending it, was obviously a propaganda vehicle to be used against the elections in the South.

Every reference to Russia is cast in opprobrious or caustic terms, e.g., "Russians who are trying to enforce the Communistic domination of all the world"; "They (North Koreans) adopted 'Russian justice'"; "Russia disclosed its ambition to make Korea one of its satellites"; "Russia hated the independence of Korea like poison almost up to the end of the war because of the Russo-Japanese Neutrality Agreement"; "Russia . . .<sup>2</sup> fought (Japan) one long week"; etc. While no one would question the truth of these observations, sober-minded persons might well doubt the statesmanship and discretion of Korean officials publicly insulting their powerful, unforgetting and unforgiving neighbor. It is, however, characteristic of the historical protegee psychology of the Korean official, who is insecure in his office and condition and must cling to the skirts of the strong power which he determines will dominate the situation. In the case of Koreans, this psychology in the past and today unfortunately finds expression in egging on the protector against the rival so he will destroy the latter. It would be obtuse to deny that this Korean psychology has not entered into and obstructed a settlement of the Korean question or influenced local Soviet and American objectivity.

Respectfully yours,

JOSEPH E. JACOBS

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<sup>2</sup> Omission indicated in the original.

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501.BB Korea/5-2148 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SECRET      PRIORITY

SEOUL, May 21, 1948.

378. Cite Zpol 704. Unless advised to contrary before May 25 contents of this telegram are classified as secret. General Hodge proposes to issue on May 25 proclamation concerning future "National Assembly", text of which is as follows:

"1. In accordance with recommendations of the resolution of the General Assembly of the United Nations, 14 November, 1947, as amplified by resolutions of the interim committee of the United Nations on 27 February, 1948, and under the law for the election of representatives of the Korean people, issued 17 March, 1948, an election was held on 10 May, 1948 under the observation of the United Nations Temporary

Commission on Korea, to choose representatives with whom the Commission may consult regarding the prompt attainment of the freedom and independence of the Korean people, and which representatives constituting a National Assembly, may establish a government.

"2. The National Election Committee having informed me that successful candidates have been notified and public notice of the results of the election having been given, I, John R. Hodge, Lieutenant General, United States Army, Commanding General, United States Army Forces in Korea, hereby authorize the Chairman of the National Election Committee to determine and publicly to announce the date on which the first meeting of the elected representatives of the Korean people shall be held in the capital city of Seoul,<sup>1</sup> to call the first meeting to order, and to designate the oldest member as temporary chairman who shall preside over the meeting until such time as the National Assembly has elected a chairman and determined its own organization.

"3. The law for the election of representatives of the Korean people, issued 17 March, 1948, requires by section 43 that the election committee of the electoral district shall inform the successful candidate of his election. It is hereby provided that such notification of elections shall constitute credentials of the successful candidates, and shall entitle them and each of them to assume their representative seats in the National Assembly.

"4. Given in the capital city of Seoul on this 25th day of May, 1948. John R. Hodge, Lieutenant General US Army, commanding."<sup>2</sup>

JACOBS

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<sup>1</sup> Telegram 391, May 26, from Seoul, reported that May 31 was selected as the date for convening the assembly.

<sup>2</sup> Despatch 173, June 18, from Seoul, transmitted to the Department copies of General Hodge's proclamation of May 25 (895.01/6-1848).

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895.6463/5-2248 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

PRIORITY

SEOUL, May 22, 1948.

383. General Hodge is releasing to press this date under quoted letter dated May 17 which he sent to General Korotkov<sup>1</sup> regarding electric power from North Korea.

"On 14th May 1948, at noon, power from North Korea was cut off from the southern zone. Since you, as the Soviet commander in control of North Korea, are responsible for acts in your zone, it is my duty to protest to you against this high-handed action which can only be considered as a political move to punish more than 20 million Korean people in South Korea in retaliation for their action on May 10 in expressing their desire for sovereign independence in the first free election in the long history of the Korean people.

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<sup>1</sup> Telegram 396, May 27, from Seoul, reported a change in command of the Soviet forces in north Korea; Lt. Gen. Serafim Petrovich Merkulov had replaced Lt. Gen. Korotkov (501.BB Korea/5-2748).



In view of my repeated efforts to arrange for equitable payments, this action is all the more unjustifiable and leads to the conclusion that your publicized statements concerning non-payment for electric power are only a subterfuge to hide the motive behind the act. Such publicity certainly will not fool the Korean people nor will it fool the free nations of the world.

The demand that I deal with the North Korean People's Committee made by you in past letters falls in the same category. As you well know and as you have frequently stated in your letters, the commanders of the occupying forces are responsible, each in his respective zone, until a sovereign Korean Government is established that can be generally recognized by the world.

In power conferences last summer, each command had representatives Koreans at the conferences, whose actions were subject to review and approval by the US-USSR representatives. It is my firm stand that future conferences should be conducted in the same manner.

I remind you that there are now awaiting delivery to your representatives in payment for past electric power over 60 car loads of goods representing well over 2 million United States dollars in value. The items available are all in the scarce item category in South Korea, have been gathered after considerable effort, and are greatly desired by the South Korean people if you do not want them. The flow into Korea of items ordered by this command expect[ed] [to] be used for payments for power received in the past is now such that the entire amount should be available within a comparatively short period.

I remind you again of my repeated requests for a joint US-USSR conference to negotiate a basis for settlement for electric power since June 1, 1947. Such conference should of necessity include Korean experts from both zones as in similar past conferences. Therefore, I repeat my former request that you name the time and place for such a conference at an early date in order that the United States Command may be permitted to pay for current usage of power.

As a prelude to any deliveries of goods in payment or in negotiations for future payments, I must request that the flow of power to South Korea be restored at once."

JACOBS

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895.01/5-2548

*Memorandum by the Director of the Office of Far Eastern Affairs  
(Butterworth) to the Legal Adviser (Gross)*

TOP SECRET

[WASHINGTON,] May 25, 1948.

Subject: Recognition of New Government

The anticipated formation of a National Government in Korea by July 1 raises the question of the policy to be followed by the U.S. with respect to the recognition of that Government.

In endeavoring to formulate an answer to this question, it is necessary to take into account the following factors peculiar to the situation existing in Korea:

1. The special relationship which the U.S. will bear toward the new Korean Government by virtue of the former's having been (a) a party to the Cairo and Potsdam Declarations and the Moscow Agreement, (b) the initiator and leading proponent of the UN General Assembly Resolutions within the framework of which the new Government will have come into being, and (c) the occupying Power from whose hands the new Government will take over authority.

2. The special relationship which the UN will bear toward the new Korean Government by virtue of the fact that the latter will have been established in pursuance of decisions of the UN General Assembly and on the basis of elections held under the observation of an agency of that body.

3. The fact that the new Korean Government, while established as a national government with jurisdiction over all of Korea, will, in terms of its effective control as well as its electoral basis, be in fact a government only of south Korea.

4. The related fact that there will be in existence in north Korea a Soviet-sponsored puppet regime which will also claim jurisdiction over the entire country and which may or may not have been recognized by the Soviet bloc as the Government of Korea.

The principal reasons to be adduced against recognition of the new Korean Government immediately upon its formation would seem to be: (1) that we should not accord it recognition until we are satisfied that it is willing and able to assume the obligations of a sovereign government and that it has a reasonable chance of survival as such; and (2) that, in view of UN participation in its establishment, we should not recognize the new Government until the UN General Assembly has had an opportunity to pass judgment on it.

In support of immediate recognition, on the other hand, it may be argued (1) that immediate recognition by the U.S. would significantly strengthen the new Korean Government vis-à-vis the rival Soviet-sponsored regime in the north and that, conversely, the withholding of such recognition would have the opposite effect, particularly in the event of Soviet recognition of the northern regime; (2) that even without recognition, U.S. influence and prestige will be inextricably linked to the fate of the new Government and that the act of recognition would not commit us any more deeply in that respect; and (3) that the failure of the U.S. to accord recognition to the new Korean Government would, in the event of the latter's overthrow, be inter-

preted throughout the Far East and the world at large as having contributed to that overthrow.

It is the tentative view of this Office, taking into account the considerations set forth above, that the possible risks involved in immediate recognition of the new Korean Government by the U.S. would be outweighed by the adverse effects, in terms of U.S. prestige and the stability of the new Government, of a refusal on the part of the U.S. to accord such recognition. At the same time, we do not necessarily feel that recognition need at the outset be complete and without reservation, and are inclined to believe that a useful purpose might be served by recognizing the new Government on a limited basis pending a review of the Korean situation by the UN General Assembly at its next regular session in the fall, at which time the U.S. might wish to press for a multilateral act of recognition, or at least endorsement, on the part of the UN. A decision with respect to the limitation of recognition would, of course, have to take into account the possible effect of such limitation on the prestige and authority of the new Government vis-à-vis the puppet regime in the north.

Before endeavoring to formulate a recommendation to the President on this subject, we should appreciate the views of the Office of the Legal Adviser with respect to the following questions:

1. Is the granting of recognition on a limited basis pending subsequent action by the UN a legally tenable proposition?
2. If so, in what form should such limited recognition be cast?
3. Would recognition in the form contemplated permit the U.S.:  
(a) to proceed with the prompt establishment of a diplomatic mission and the accreditation of an Ambassador to the new Government;  
(b) to negotiate and conclude agreements with the new Government covering the liquidation of the occupation and the extension of economic and other assistance; and (c) at the same time to retain in the hands of the Commanding General, U.S. Army Forces in Korea, during the estimated six-month period of withdrawal, jurisdiction over occupation personnel and sufficient controls over transportation and other facilities to ensure the successful execution of the withdrawal plan?

The possibility that the new Korean Government may in fact come into being considerably in advance of the estimated date of July 1—the newly-elected National Assembly being scheduled to convene within a few days—lends considerable urgency to the adoption of a firm Departmental position with respect to the recognition of that Government.

W. W[ALTON] B[UTTERWORTH, JR.]



501.BB Korea/5-2648 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SECRET      PRIORITY

SEOUL, May 26, 1948.

[Received May 31—9:22 a. m.]

394. Cite Zpol 736. Particularly for eyes of Secretary, Under Secretary, Assistant Secretaries Armour and Saltzman and Butterworth. For about two weeks I have been wanting to comment to Department on future work of UNTCOK but due to intransigent and temperamental attitude of that body as a whole, often in my previous telegrams, I have been unable to formulate and phrase to my satisfaction what I wished to say. My feelings about our general Korea policy are somewhat similar. As time is the essence, if anything I can say is to be of any help, it must be said now. Accordingly here are my comments:

1. Of all times and places UNTCOK should have substantive representation here in Seoul on May 31 to attend opening ceremonies of new assembly or at least senior UNTCOK representative here should read on that occasion appropriate message from chairman in Shanghai. If Department agrees, hope it can prod commission into action along this line through representations to Secretariat at Lake Success.<sup>1</sup>

2. In connection with foregoing comment, attention is invited to fact that senior UNTCOK representative here is French Consul Costilhes who by some strange arrangement has come to occupy that position. While he is affable young man he is not senior type of person who might appropriately represent United Nations at this important milestone in efforts which have cost struggling Korean people blood and tears.

3. As regards future work of UNTCOK, there is much to be done if delegates have will and courage to do it. There was some indication before they left for Shanghai that some of them had begun realize they had job to do here. However there are reports that Mughir, Vallé, Luna and Singh will not return. Am advised that Secretariat will be almost completely changed. Thus at most critical juncture, if we have UNTCOK at all, it will be reconstituted body lacking in valuable experience. As have already indicated in another telegram, there will be no Americans in Secretariat. So far as is now known, group will be heavily weighted first with French nationals and secondly with Chinese. All this seems necessary since commission could possibly wind up its work at latest in August in time for meeting of General Assem-

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<sup>1</sup> Marginal notation to this paragraph: "Tel. not recd until June 1—no action possible."

bly in September. There is some rumor that UN may be contemplating smaller, residual UN group to remain in Korea during few months before General Assembly convenes and for some time thereafter to carry on any instructions which General Assembly may wish to give. I have no information [this?] should not occur until after UNTCOK as a unit has completed, before General Assembly convenes, all it can do under two resolutions of November 14. Possible it may not be too late for Department to do something in foregoing connection by making representations at Lake Success?

4. As regards future tasks for delegates, they could perform most useful service by being here to "facilitate and expedite the fulfillment of the foregoing programme" (quotation from paragraph 5 Resolution 2) by making themselves available for conferences with Korean leaders in Assembly on various matters leading up to formation of a government. They can be more helpful to American officials: first, because Koreans are likely to take advice with better grace from an international group than from US officials, thereby hoping to gain goodwill of UN; second, because it would be better for UNTCOK delegates rather than US officials to take leading part in such conferences in order avoid giving Soviets fuel for further Communist propaganda that US alone is running the Korean show for its selfish interests and, third, because there is an influential segment of American public which will go along further with Korea program if UN participates.

5. After formation of government there will remain the three specific items mentioned in paragraph 4 of Resolution 2, namely, constitution of future national security force, arrangements for taking over of functions of government from United States command, and finally proposals or recommendations concerning withdrawal of troops. Since nothing so far as is known now can be done with respect to any of these problems as regards North Korea, commission in consultation with new government may be in position offer some very helpful suggestions for consideration by General Assembly. Three reasons why UNTCOK can be more helpful in this regard than US officials are same as those mentioned in preceding paragraph.

6. While I realize that Assembly may, as result of bickerings among its members, be unable and unwilling to make use of commission at all or to extent which it should, and while I realize limitations inherent in character and constitution of UNTCOK itself, neither US nor UN can afford to miss this opportunity to make this service available to struggling Korean people if their chosen leaders desire to avail themselves of it. As I have said elsewhere, they did nobly during election in face of threats and intimidation (which will continue) and something good (possibly not as good as we should wish) will come of

mutual consultative efforts of UN, US and the Assembly if they all remain here to work together in growing appreciation of job to be done coupled with willingness to do it. If all these efforts are to fail, no alternative effort seems possible short of war or abandonment of Korea to USSR and Communism. To thus abandon Korea now could only make a mockery of our pronouncements and steps already taken against Soviet aggressiveness and subversion in other theaters of the world.

7. In connection with last sentence above, I also wish to add some comment on our own US Korea policy. Last September (in Seoul PolAd number 361, September 19<sup>2</sup>), I commented on that policy in a political atmosphere quite different from that which prevails today. Then we were milling around in spirit of frustration and defeatism. Our military experts were saying that our dwindling army forces could not meet demands made by political exigencies, at least on all fronts. To meet situation they urged "drawing in our horns" as it were and Korea was considered "expendable". Today that atmosphere has changed and a spirit and a will to meet dangers that face us, consistent with our strength and prestige and with hopes of other peoples who must stand or fall with us, is resurgent. We are strengthening our armed forces, both as regards manpower and equipment, our propaganda has come around to calling a spade a spade, we have set our faces to task of aiding economy of those who are with us, and in certain areas we have all but said "they shall not pass". True democratic elements have risen to occasion in France, Italy and Korea. But battle has only begun. Accordingly, I feel we cannot, on a basis of decisions which had their genesis last autumn in an atmosphere of frustration and defeatism "let Korea down" and thus belie what we are doing to contrary elsewhere.

8. Hence I have been greatly alarmed over repeated reference in American press of subject of dependent withdrawal (based on official releases) and revelations in American press (for instance article in May 7 issue of *US News and World Report*) of our policy with respect to Korea which seems almost to have been inspired, or how else could such secret information have gotten to press? I was therefore pleased to note change in other direction in Stewart Henshey's (UP) article under May 24th dateline which places dependent question and our future policy with respect to Korea, which depends so much for success upon future UN action, in its proper perspective. More and more therefore in implementing our Korea policy, especially during this critical formative period in Korea, we should be on our guard against too many announcements which will upset and bewilder

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\* *Foreign Relations*, 1947, vol. VI, p. 803.



Korean authorities, striving to set their house in order, and give aid and comfort to enemy. Also, in implementing that policy we should keep it in tune, even if changes are required, with tempo and character of our general world-wide policy. In other words, in view of our planned increase in military strength and apparent determination of majority of American people to have firm foreign policy, we can and should give increasing attention to important matter of adjusting policy in light of developments which are entering a rapidly moving transition period.

9. Some unfortunate concrete results of above-mentioned untimely revelation of our plans are:

(A) Some influential members on UNTCOK have been "dragging their feet" because they fear we are merely using UN as tool for United States abandonment of Korea and they do not wish to be so used;

(B) Korean people are beginning to become frightened because they seem to sense we are going to abandon them at very time they are just beginning on their own; and

(C) Most doubtful whether Kimm Kiusic would ever have gone to Pyongyang if he could have had assurance that US would not abandon Korea to Communists and USSR.<sup>3</sup>

JACOBS

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<sup>3</sup> In telegram 173, June 7, 6 p. m., to Seoul, the Department reported the delay in receipt of telegram 394 until May 31, a holiday. It added that a circular telegram had been sent at 10 a. m. on June 7 to countries represented on UNTCOK and another to USUN "to serve as basis new representations to SYG", while paragraphs 7 through 9 of 394 would be considered separately.

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501.BB Korea/5-3048: Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

CONFIDENTIAL      PRIORITY

SEOUL, May 30, 1948.

407. Cite Zpol 778. I have had three talks with Syngman Rhee past weeks, the last one this morning. Have been endeavoring to disabuse his mind of his apparently fixed ideas that General Hodge and the US Government is trying to dictate to him and the new Assembly. Immediate occasion for my visits arose out of reports of his anger over General Hodge's proclamation of May 25 on opening of Assembly. I found that although he was upset and making irrational statements about the proclamation, he had never read it. After taking him a copy and going over it with him word for word and explaining its connection with the election law and regulations, he calmed down and seems to be satisfied.<sup>1</sup>

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<sup>1</sup> In a letter of May 27 General Hodge congratulated the members of the Assembly; he quoted his letter in telegram 424, June 4, from Seoul (895.00/6-448). For text of letter, see Department of State *Bulletin*, June 20, 1948, p. 800.

During course of this morning's talk I learned something of what he plans to say at the opening of the Assembly tomorrow. In substance, as he told me, it is as follows:

Task of Assembly is to decide upon a constitution or other organic act of order and then to form government accordingly and inform UN Commission. US authorities are ready to hand over governmental authority when arrangements have been made. Thanks will be expressed for what US and UN have done to help Korea and hope expressed that US will continue to aid and assist and lend services of technicians. Hope will also be expressed that US troops remain until an adequate South Korean security force can be trained and armed. He will say that no harm can come of this as world knows that US has no territorial ambitions in Korea or elsewhere. He will make a plea for harmonious relations and cooperation among Korean leaders so that task of organization and reconstruction can be more easily accomplished. Reference will be made to need and hope for unification of North and South Korea. On subject of Communists and dissidents all will be forgiven if they give up ideas of sabotage and efforts to take orders from abroad. On subject of foreign trade policy will be to develop industries and resume trade relations with oriental countries including Japan.

While in his talks with me Rhee has been calm and pleasant, he clearly talks as if he were already president and that all factions will do his bidding. He gave no indication that he realizes political intrigue going on among members of Assembly who will oppose giving Rhee dictatorial power which he wants and seems to think is already his.

JACOBS

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895.01/6-148

*Memorandum by Legal Adviser (Gross) to the Director of the Office of Far Eastern Affairs (Butterworth)*

TOP SECRET

[WASHINGTON,] June 1, 1948.

Recognition of the New Korean Government.

Reference is made to your memorandum of May 25, 1948, in which you raise several questions relative to the possible forms of recognition of the new government of Korea and the legal implications thereof.

In replying to your first question, it is necessary to divide the subject of recognition into two parts, that is, recognition of a state, and recognition of a government thereof. In spite of statements of intent to free the enslaved people of Korea from Japanese domination and declarations to the effect that Korea is a liberated country, no formal action has been taken to effect its permanent separation from the Japanese

Empire. Therefore, the first step would seem to be the recognition of an independent state of Korea. This recognition by the United States coupled with recognition by other major powers will contribute to the establishment of Korea as an international person. The recognition of the state should not be limited but should be a full recognition of Korea as a sovereign independent state. On the question of recognition of the government, under international law recognition may take almost any form which is considered politically expedient by the recognizing state. With respect to the United Nations and its activities in connection with Korea, it is not believed that such activities restrict the right of the United States to grant recognition, either full or limited, to the new government of Korea which will be created as a result of the UN sponsored election. It is possible, therefore, for the United States to grant full recognition to the new government or to grant a limited recognition pending subsequent action by the United Nations. The former is to be preferred, from a legal standpoint, for the legal effect of *de facto* recognition is somewhat nebulous.

United States policy in respect of recognition, set forth in a paper of the Policy Planning Staff (PPS 24) dated March 15, 1948 and subsequently approved, outlines certain criteria, relating to the character of the government under consideration, which should be applied in a given case according to United States national interest. These are:

- “(a) *de facto* control of the territory and the administrative machinery of State, including the maintenance of public order;
- (b) the ability and willingness of a government to discharge its international obligations;
- (c) general acquiescence of the people of a country in the government in power.”

Generally speaking, the extent to which the above criteria are met has been taken into consideration in the past in reaching a decision as to whether recognition should be *de jure* or *de facto*. The argument for *de jure* recognition is strengthened the more nearly the criteria are fulfilled.

If it should be decided to adopt a limited recognition, the form might be as follows:

- a. full recognition of the state of Korea as a sovereign independent state; and
- b. *de facto* recognition of the government of Korea.

Recognition in the form contemplated in the previous paragraph would not ordinarily be followed by the prompt establishment of a diplomatic mission and the accreditation of an ambassador to the new government since such acts are usually associated with *de jure* recog-



dition of the government with whom such representation is established. It would be consistent with *de facto* recognition to establish in Korea a United States mission headed by a special representative provided it is not called a "diplomatic mission" and the representative is not designated a "minister" or an "ambassador".

While there is somewhat of a conflict of views on whether a *de facto* government may conclude agreements of the nature referred to in your question 3(b), the better view seems to be that it may. In any event, the question is more or less academic for if we ultimately accord the government *de jure* recognition, such recognition will have retroactive effect and will validate any acts done by the government from the date of its inception. In the event that we ultimately recognize *de jure* another government in Korea which does not have continuity from the *de facto* government (a change of government by election or other means including revolution would not necessarily preclude continuity) we should be in a position to demand of that government, as a condition of granting recognition, that it agree to carry out the commitments of the *de facto* government with which the agreements were made.

It will be possible for the Commanding General, United States Army Forces in Korea, to retain jurisdiction over occupation personnel and sufficient controls over transportation and other facilities to insure the successful execution of the withdrawal plan. The question of what authority he retains should be outlined in any agreement effected with the Korean Government. Even in the absence of an agreement, the Commander may retain whatever controls he does not relinquish to the Korean Government. It is possible to have a recognized Korean Government and still maintain some occupational authority as is now the case in Austria. Care must be taken to include necessary language in any agreement or in any unilateral relinquishment of occupational authority.

ERNEST A. GROSS

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895.01/6-248 : Telegram

*The Acting Secretary of State to the Political Adviser in Korea  
(Jacobs)*

TOP SECRET      PRIORITY

WASHINGTON, June 2, 1948—6 p. m.

167. Question of US policy re recognition new Korean Govt now under urgent consideration in Dept. Although firm Departmental position not yet adopted, current thinking here tends to support view (1) that possible risks involved in immediate recognition of new Govt by US would be outweighed by adverse effects, in terms of US prestige

and stability of new Govt, of refusal on part of US to accord such recognition, and (2) that useful purpose might be served in casting recognition in form which would take into account UN interest and responsibilities and anticipate review of situation by GA in fall (at which time US may wish to press for general UN endorsement of Govt).

Opinion of Legal Adviser has been requested as to legal tenability foregoing procedure and effect thereof on steps outlined in set of drafts hand-carried by Johnson.

Dept plans give advance notice US decision on recognition to British, Chinese and possibly other interested Govts which it is hoped will agree to take parallel action.

Dept would appreciate soonest any views or recommendations which you may have on this subject.

LOVETT

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895.6463/6-248 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SECRET      PRIORITY

SEOUL, June 2, 1948.

417. Cite Zpol 790. Since cutting off power is an act of economic warfare, Department may wish to consider taking up with Moscow refusal of Soviet commander of North Korea to negotiate with US commander here on payment for electric power and resumption of current, as suggested in Seoul PolAd 363, May 15, as possible next course of action. To date only reply received to any of General Hodge's recent letters is General Korotkov's letter of 16 April which acknowledged receipt of Hodge's letter March 22 and repeated that communications on power must be addressed to People's Committee. Most of Hodge and Korotkov correspondence has been sent Department. Seoul despatch 67[76], March 31,<sup>1</sup> contained Korotkov letter March 16, Kim Il Sung letter March 20, and Hodge letter March 22. Seoul despatch 136, May 19,<sup>1</sup> contained Hodge letter May 8. Seoul PolAd telegram 383, May 22, contained Hodge letter May 17. Korotkov's letter April 16 and General Hodge's reply 27 were communicated Joint Chiefs of Staff in Zbgi 539 (270730/Z April 27). To complete Department's files, text of Korotkov's letter March 29 (enclosure therewith was sent to Department as enclosure with PolAd despatch 67 mentioned above) and Hodge's letter April 19 are transmitted in Seoul PolAd's next numbered telegram.<sup>1</sup> These letters, various recent PolAd telegrams (numbers 251, 254, 323, and 348<sup>2</sup>) as well as intercepts

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<sup>1</sup> Not printed.

<sup>2</sup> None printed.

Pyongyang radio broadcasts available to Department should provide adequate information upon which to base Department's note. Despatch now in preparation <sup>3</sup> summarizes developments Korea electric power situation since Japanese surrender. For various reasons deviation from original proposal requesting meeting between representatives two commands and their Korean associates (Hodge letter March 22) not considered desirable before Korean government established. However, it is desirable to make settlement of outstanding power bill accrued during US occupation before Korean government formed. Department may desire to offer again to settle all past accounts in US dollars or in goods now awaiting shipment plus additional dollars and request early meeting on government level or in Korea to arrange this. Desirability of requesting resumption of flow of power before further negotiations or payments should be considered. Although Pyongyang has usually been mentioned as place of meeting and Korotkov has been requested to name place for meeting (letter May 17), Department may find it desirable suggest meeting in Seoul. Soviets probably do not want additional American observers in Pyongyang at this time, but they may welcome chance to observe situation in Seoul. We entertain little hope that this high level approach will produce any satisfactory results, but for the record's sake and to show Koreans we are trying to do something on high level will be helpful in local propaganda. By eliciting Soviet statement regarding occupation responsibility and by revealing Soviet's uncooperative attitude it may give us subject for further anti-Soviet propaganda in US and world press.<sup>4</sup>

JACOBS

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<sup>3</sup> 242, August 2, not printed.

<sup>4</sup> In telegram 643, June 7, 6 p. m., to Moscow, the Department summarized the matter and said a note was being drafted for the Embassy to the Soviet Foreign Office (501.BB Korea/6-248).

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501.BB Korea/6-448: Telegram

*The Secretary of State to the Political Adviser in Korea (Jacobs)*<sup>1</sup>

CONFIDENTIAL

WASHINGTON, June 4, 1948—4 p. m.

172. In recent conversation with rep of Dept, Harry of Australian Emb stated: (1) that his Govt is far from satisfied with handling of Korean elections; (2) that there is considerable evidence of police pressure in connection therewith; (3) that in his opinion UNTCOK may take position that elections were only provincial and not national

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<sup>1</sup> Repeated as 118 to Canberra.



in scope; and (4) that latter point will at least be made in minority report of UNTCOK.

MARSHALL

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501.BB Korea/6-748 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SEOUL, June 7, 1948.

432. Pol 6161. UNTCOK returned this afternoon about 4 o'clock. Will report names tomorrow when I ascertain exactly who returned.<sup>1</sup> Upon return following press release number 66 dated June 7 was released by secretariat:

"The United Nations Temporary Commission on Korea, in accordance with its decision, returned to Seoul on 7th June.

"The United Nations Temporary Commission on Korea completed the first 5 chapters of its report to the General Assembly on 5th June, having met twice daily since 29th May in the United Nations building in Shanghai.

"This part of its report to the General Assembly which has been adopted by the commission, consists of a review of the political situation in Korea, the work of the commission since its arrival in Seoul on 8th January 1948, and the commission's observation of the election of 10th May 1948.

"The commission returned to Seoul, Korea, in order to consider the further implementation of its terms of reference as defined in the resolutions of the General Assembly on 14th November 1947.

"Having as its objective the prompt attainment of the freedom and independence of the Korean people, the commission will proceed to a study of the political situation in Korea in the light of developments following the elections.

"The delegate for Syria, Mr. Yasin Mughir, will temporarily not be able to attend the meetings of the commission, having returned for urgent consultation with his delegation in Washington."

JACOBS

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<sup>1</sup> 434, not printed.

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895.01/6-848 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

TOP SECRET      PRIORITY

SEOUL, June 8, 1948.

433. Cite Zpol 829. 1. Have conferred with ComGen and others familiar with Top Secret planning with respect to future US policy on Korea as referred to in Deptel 167, June 2.

2. The one thought that comes foremost and recurrently to mind in attempting to express views and recommendations on question of early or delayed recognition of anticipated Korean Government is that it is well nigh impossible to express ourselves intelligently and realisti-

cally until we know first, kind of government Assembly will form; secondly, UNTCOK's attitude, at least in general way, toward that government and three, specific matters mentioned in paragraph 4 of UN resolution 2, November 14, last year; and, finally, general attitude of government so formed toward basic problems and liabilities involved in transfer of authority and toward necessary arrangements for future aid and assistance.

3. Second most recurring thought is that US recognition of government before consideration of Korea problem by General Assembly would almost certainly lead immediately to formal recognition by USSR of Peoples Committee Government of North Korea with spirited accusation (which many Koreans would accept) that precipitate action by US had prevented unification of Korea. Possibly Department's policy planners no longer care about this aspect, accepting as a fact that Korea is already divided and will remain so for rather long indefinite period. We are not sure however that UNTCOK and possibly General Assembly will view matter in that light. If therefore US accords immediate recognition to new government when formed, it might find itself alone with a very difficult new state without support from UN.

4. Accordingly for moment and until there is some indication of what answers may be to questions posed in paragraph 2 above, we incline to view that it is not desirable to make a firm decision now on question of recognition. We are dealing with inexperienced Korean leaders of rather volatile temperaments which makes it desirable to proceed with more than usual caution.

5. Delay in *de jure* recognition need not prevent US (unless new government adopted a virulent anti-foreign attitude and policy) from extending *de facto* recognition by dispatching here a special representative of President with ambassadorial rank to negotiate matters pending consideration of the Korean problem by General Assembly or other developments.

6. If by chance everything turns out to be favorable at time government is formed, we feel that advantages of early recognition would outweigh disadvantages.

JACOBS

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895.01/6-948

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

No. 160

SEOUL, June 9, 1948.  
[Received June 16.]

SIR: I have the honor to enclose<sup>1</sup> a copy of a letter dated June 3, 1948, addressed to General John R. Hodge, Commanding General,

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<sup>1</sup> Enclosures not printed.

USAFIK, by Dr. Syngman Rhee, Chairman of the Korean National Assembly, announcing the appointment of a five-man Temporary Liaison Committee, appointed by the Assembly, on June 2, 1948, to confer with the UN Temporary Commission on Korea, officers of the XXIV Corps Headquarters, Military Government authorities and foreign Consulates. There is also enclosed a copy of General Hodge's reply of June 7, 1948, in which he informs Dr. Rhee that the three officers of his Command whom he has designated for liaison purposes with the Temporary Liaison Committee are Major-General William F. Dean, Military Governor, Brigadier-General John Weckerling, and Dr. Harold J. Noble.

Respectfully yours,

JOSEPH E. JACOBS

501.BB Korea/6-1148 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

RESTRICTED

SEOUL, June 11, 1948.

443. Cite Zpol 6349. There is quoted in last paragraph of this message UNTCOK's resolution June 10 as contained in its press release Number 67 of that date on consultation with Assembly. This resolution comes as result of considerable discussion following Dr. Rhee's letter to UNTCOK announcing appointment by Assembly of Liaison Committee to contact UNTCOK.<sup>1</sup> Jackson and Patterson (supported by Milner as drafting officer) strongly opposed any reference in resolution to "Assembly," to word "national" or to anything that would describe assemblymen as representatives "of the Korean people". It will be noted that resolution as finally adopted contained no indication that Assembly is national or that it represents Korean people.

Adoption of this resolution in form desired by strong Jackson-Patterson-Singh minority is another instance of how this strong minority can impose its will on less strong majority which in this case consisted of Liu, Luna, Costilhes and Vallé, all of whom appeared to be willing to state that Assembly is national. Attitude adopted by minority is like that of an ostrich inasmuch as resolution actually does refer to further implementation of Commission's terms of reference as defined in resolution November 14 which specifically describes Assembly as national. Especial attention is invited herein to this matter as we may expect hereafter to find minority group (at present minority in absence of Mughir) opposing any use of term "national" in connection with government or regime which may be established in South Korea as result of election of May 10.

<sup>1</sup> Text of letter dated June 11 was sent in telegram 450, June 14, from Seoul, not printed.



Here follows text of resolution:

"The United Nations Temporary Commission on Korea,  
Having observed the election held on May 10, 1948, and having returned to Seoul on June 7, 1948 to resume its sessions,  
Resolves:

That notice be sent to the elected representatives stating that the Commission is now ready for such consultation as they may request concerning the further implementation of the Commission's terms of reference as defined in the resolutions of the General Assembly adopted on November 14, 1947."

JACOBS

501.BB Korea/6-1548: Airgram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SEOUL, June 15, 1948.

[Received June 22—9:28 a. m.]

A-86. Following is text of letter dated June 5, 1948, addressed to General Hodge by Syngman Rhee, Chairman, Korean National Assembly:

My dear General Hodge: I wish to express, on behalf of the Korean National Assembly, most heartfelt thanks for your honored presence and encouraging speech at its opening ceremonies.

"I take occasion to note that in this momentous stage of Korean independence, we cannot help recalling how strenuously and ceaselessly you have worked for the freedom of the Korean people, under all circumstances and through all difficulties. The very existence of the Korean National Assembly is, in a sense, a monument to your worthy efforts. Its growth, its entrenchment, its assumption of full powers will be watched with pride, I believe, by the people of our two countries.

"Again appreciating how greatly your participation helped make the occasion a success, I remain,".

JACOBS

501.BB Korea/6-2048: Telegram

*Lieutenant General John R. Hodge to the Secretary of State*

SECRET      PRIORITY

SEOUL, June 20, 1948.

Zgcg 919. Seoul PolAd 477 and 478, June 19 and 20<sup>1</sup> are tied to this and amplify and expand it.

Latest trends in the UNTCOK indicate more foot-dragging and vacillation tactics, wherein the Australian-Canadian-Syrian stand has apparently been joined at least in part by the French and Indian

<sup>1</sup> Neither printed.

delegates. The commission gives a bare tacit *de facto* recognition to the National Assembly as it now exists, but still hedges strongly on any commitments as to its official attitude toward the validity of the 10 May elections or to carrying out the provisions of paragraph 4 of United Nations resolution of 14 November 1947 prior to the September meeting of the General Assembly. Except for China, Philippines and El Salvador, they seem to take the stand that execution of paragraph 4 would be in effect UN recognition of able [a] national government that they are not empowered to give, and that when the National Assembly reports the formation of the government as indicated in paragraph three of the resolution, the commission can only make its report and recommendations to the General Assembly, which will then determine the status of the new Korean government.

I consider there is a strong probability that we will wind up here in the next few weeks with able [a] Korean "national" government on our hands, brought into being by the 14 November UN resolution and the presence of the UNTCOK in Korea, but without the blessing or legal christening by the UNTCOK. If this situation arises, we will be forced to revise or at least delay the implementation of current plans for withdrawal under provisions of the UN resolution. It will also create hostility toward the UNTCOK and its failures on the part of the Koreans and add fuel to the Communists' propaganda line as well as the Soviet pressure for UN withdrawal from the scene and for troop withdrawal as the solution for the Korean problem.

Regardless of UN attitude, we are in a position where we must give the new government at least a *de facto* recognition very soon after its formation, turn over to it the affairs of south Korea, and nurse it through its early stages. Recognition at the same time by China and Great Britain may be possible, would greatly strengthen our hand here and would help to placate the Koreans, who have been subject to one disappointment after another since VJ day.

The attitude of the UNTCOK comes from a composite of several factors, official and personal, with the personal angle rating high.

There has never been any really high powered individual in the delegations and no strong delegate leadership has developed. Therefore, obstructionists have been able, frequently and effectively to divert the attention and actions of the commission from its basic mission.

Three leftists members of the secretariat in key positions: Schmidt, principal secretary, Milner and Engers, assistants, have also been able to cause considerable confusion among a weak delegation. (Milner, still here, is carrying on the same work.) Reliable informants say that this group has carefully gathered in, put into plausible format and forwarded to Lake Success for the record every Communist and Com-

munist front protest and threat they can obtain, in order to build up a case against the United States in Korea and to prevent successful completion of the UNTCOK's mission under the 14 November resolution through supplying maximum ammunition to the Soviet block in the General Assembly.

Instructions from home governments apparently are based almost entirely upon their current international relationship with the United States and Soviet Russia, without any concern whatever for the future of the Koreans. With the exception of China, and possibly the Philippines, these instructions are motivated by an all out desire not to become involved in or to accept any responsibility for any part of the new Korean government.

Personality clashes and personal controversies arising within and outside of sessions have had considerable effect upon the outcome of decisions, resolutions and reports made by the commission. . . .

Personal desires for home life, luxurious living, bright lights, new scenes, varied entertainment, etc., etc. play a great part in their morale and individual desire to get out of Korea, and influences them strongly in any decisions for action that might keep them here in consultation. The different nationalities also desire contacts with their own people. . . .

Fear of incurring the ill will of the Russians permeates several of the delegations and all of the secretariat. The term "neutral actions" or "neutral viewpoint" arises frequently in their conversation. In no way, by word or gesture has the commission ever recognized the fact that the Soviets and their Communist stooges in Korea have done everything in their power to prevent any solution of the problem and sabotage the United Nations mission here. This fear of "insulting" the Russians pervades the Canadian, Australian, Indian, French, and Syrian delegates particularly.

The many press reports and editorials from the United States indicating an early withdrawal from Korea under UN resolution II have had and are having an adverse effect. The UNTCOK reasons that resolution II was worded for all of Korea while the resulting election applies only to the United States zone, and that if the United States withdraws before agreements for uniting the two zones are completed the result will be to hand Korea to the Soviet sphere. However, they show little indication of assisting in unification arrangements.

There is growing talk among delegates that the United States policy and actions in Korea have failed to carry out our aim of uniting the country as an independent nation, that we are now trying to get the United Nations pull our chestnuts out of the fire and that we are perfectly willing to abandon Korea to Communism. This idea causes re-



sentment among the delegates and we get snatches of reference to United States "imperialism" and expressions to the effect that "my nation is not in the business of doing American dirty work", from reported conversations.

All of the foregoing factors make it extremely difficult to predict what the UNTCOK will do from day to day, except that the commission is certain to continue on a basis of timidity and cautiousness in high degree, and that their reports will be filled with hedging and loopholes which will give UN General Assembly an out to wash its hands of Korea and throw the problem of dealing with Russia back into the lap of the United States.

The overall effect on the Koreans is depressing. The National Assembly, formed as a result of the UN resolutions and of the elections supervised by the commission, now exists as a bastard organization since there is no stated UN approval of the elections. All Koreans know that the Americans and the Koreans did everything humanly possible that was suggested by the UNTCOK, including giving the Communists and dissidents full opportunity to sabotage the elections and that all members of the UNTCOK except Syria have individually expressed satisfaction with the elections. The Koreans cannot understand the current situation and are becoming hesitant in moving forward and more hesitant of approaching the UNTCOK with its problems. The Communists and dissidents are using the "I told you so" line very effectively, following up their earlier claims that the United Nations would not and could not solve the Korean problem. The National Assembly, without the formal approval of the commission, is loosing prestige and can conceivably fail to establish a stable or even a really popular or effective government in the United States zone. If, when the Assembly forms the government, the UNTCOK does not give it a full consultative service and the "face" of at least some sort of open *de facto* recognition prior to the meeting of the General Assembly in September, the situation here will deteriorate rather than improve as a result of the UN actions to that date. The only counter I know is for the United States to be prepared to "spur it on" in the way of *de facto* recognition of everything the National Assembly does as developments permit, and to give full assurances that we will recognize the sovereignty of and will give our full backing and support to the new Korean government resulting from the deliberations of the National Assembly.

We here shall continue to do all we can in the way of persuasion of delegates to carry through on the fulfilling of the 14 November resolution, and to help guide the Koreans into consultation.

[HODGE]

501.BB Korea/6-1748 : Telegram

*The Secretary of State to the Embassy in India*

SECRET

WASHINGTON, June 22, 1948—5 p. m.

386. Availing yourself of FonMin's request for advice concerning trend of US policy on Korean problem (urtel 487 June 17<sup>1</sup>) you are requested to inform Menon<sup>2</sup> that US Govt continues to adhere to view, which it believes is supported by provisions of GA Resolutions particularly as interpreted by IC, that question of whether or not Korean govt to be created as result of recent elections is to be considered a national govt is one which must be decided by elected Korean representatives themselves. You may remind Menon that this view was espoused by IC in letter to Chairman UNTCOK accompanying IC Resolution of Feb 26, in which letter it was stated that: "National Assembly to which reps are to be elected would be a stage in formation of a Korean Govt, form of which is to be determined by Korean people themselves." This view was presumably supported at the time by GOI, whose rep on IC stated moreover during course of debate on subject that he was "in favor of elections being organized immediately, wherever possible, in order to form a Nat Govt". GOI rep at same session stated further (quoting again from Summary Record Eighth Meeting) that "in forming a Nat Govt in accordance with provisions of Res 2 of 14 Nov 1947 UN should guard against closing door on future unification of Korea and discouraging efforts being made in Korea itself to achieve unity by means of consultations and negotiations between political leaders of North and South"; reference latter statement you may point out to Menon that recently-convened Nat Assembly and its Chairman have consistently invited and encouraged participation of north Korean reps and have stated that seats for such reps are being held open in new Assembly.

If, as above quotations would seem to indicate, Menon's point of view as expressed urtel 487 represents change in GOI attitude toward Korean problem, Dept would be interested in learning reasons for such change.

From point of view of political realities of situation you may inform Menon further that US Govt believes that chances of unification of Korea on anything but Soviet satellite basis would receive severe blow if forthcoming govt in south were not generally recognized as Nat Govt envisaged by GA Res. Alternative would seem to be to regard it as govt of south Korea alone, which would deepen division of country and preclude participation of north Koreans. Failure to rec-

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<sup>1</sup> Not printed.

<sup>2</sup> Dr. K. P. S. Menon, Indian Secretary for External Affairs.

ognize govt in south as nat govt would moreover constitute open invitation to Soviets to consolidate position their puppet regime in north by recognizing it as nat govt of Korea. In this connection it is of interest that highly-placed Korean Communist source has been reliably quoted as having stated recently that "UN recognition" of new govt in south Korea would render mission of north Korean Communists "virtually impossible of attainment".

You may point out to Menon that while US Govt does not wish to do anything which would prejudice right of UNGA at next session to consider and make recommendations concerning Korean problem, it is at same time of view that very considerable progress which UN has so far made in restoring freedom and independence to Korean people might well be jeopardized by any act on part of UNTCOK or its member States or of US which could be construed as disavowal of new govt. As indicated above, US Govt believes moreover that its point of view represents intent of majority of UN members as evidenced by GA and IC action.

For your background info, US Govt attaches particular importance to attitude of GOI as UNTCOK is at present evenly split on issue of whether or not new govt can be considered a nat govt. While GOI rep is reported on negative side, he is also reported to be planning to request instructions in event new govt calls itself national. In view of substantial identity of views between US Govt and GOI demonstrated in GA and IC deliberations, it is our hope that present attitude of Menon and GOI can be altered in our favor along foregoing lines and GOI rep on UNTCOK instructed accordingly.<sup>3</sup>

Sent New Delhi as 386. Rptd Seoul as 195 for info.

MARSHALL

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<sup>3</sup> Telegram 531, June 30, 11 a. m., from New Delhi, reported that Secretary Menon on June 29 had "reiterated his strong conviction no action should be taken recognize South Korean Government as national until GA had opportunity discuss question." (501.BB Korea/6-3048)

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740.00119 Control (Korea)/6-2348

*The Secretary of State to the Secretary of the Army (Royall)*

TOP SECRET

WASHINGTON, June 23, 1948.

DEAR MR. SECRETARY: It will be recalled that on April 8, 1948, the President approved the Conclusions of National Security Council paper No. 8 on *The Position of the United States with Respect to Korea*, and directed that they be implemented by all appropriate Executive Departments and Agencies of this Government under my coordination.



It is my understanding that the Department of the Army, in accordance with the foregoing directive, has authorized the initiation of preparations for the withdrawal of occupation forces from Korea, and that, for planning purposes, August 15, 1948 has been set as the date on which actual troop withdrawal will commence. These preparatory measures would appear to be entirely consistent with the provision of the National Security Council paper that "every effort should be made to create conditions for the withdrawal of occupation forces by 31 December 1948."

In the light of the present world political situation, however, and of the inescapable effect which our actions in Korea will have upon that situation, it is of particular importance that withdrawal should be "phased in consonance with the accomplishment of the objectives outlined [in that paper] and with the relevant commitments of the U.S. vis-à-vis the UN". While every effort should be made to bring about the withdrawal of our occupation forces from Korea by the end of the current year as presently contemplated, sufficient flexibility should be maintained in the preparation and execution of withdrawal plans to make possible changes in the implementation of such plans which UN action or other developments may make advisable.

I assume, therefore, that the plans of the Department of the Army for withdrawal of our occupation forces from Korea, and particularly before initiation of actual withdrawal, are adaptable to changes which may be necessary to correlate with developments contemplated in the National Security Council paper. Assistant Secretary Saltzman will act as my representative in connection with the implementation of the National Security Council paper.

Faithfully yours,

G. C. MARSHALL

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740.00119 Control (Korea)/6-2448 rec'd

*The Secretary of the Army (Royall) to the Secretary of State*

TOP SECRET

WASHINGTON, [June 23, 1948.]

DEAR MR. SECRETARY: As you know, on 8 April 1948, the President directed, in the language of NSC #8, that "It should be the effort of the U.S. Government through all proper means to effect a settlement of the Korean problem which would enable the U.S. to withdraw from Korea as soon as possible with a minimum of bad effects." The President further directed that, "Every effort should be made to create conditions for the withdrawal of occupation forces by 31 December 1948".

The Department of the Army has endeavored to fulfill its responsibilities under the President's directive. The elections for the National Assembly of Korea on 10 May were successful. A sufficiently effective

force is being maintained to continue the responsibilities of Military Government in South Korea until the transfer of functions to the new National Government. The training and equipping of an expanded South Korean Constabulary and of the Civil Police and the Coast Guard are proceeding and these Security Forces are up to strength. The Department of the Army also is cooperating with the Department of State and other agencies in the preparation of the terms of agreement between the U.S. and Korean Governments. Concurrently, the Department of the Army has completed a plan for, and is now prepared to proceed with, the implementation of withdrawal; and is prepared to assist the State Department in the establishment of the U.S. diplomatic mission to represent U.S. interests in Korea following the withdrawal of occupation forces.

The recent appropriation for economic rehabilitation in Korea assures a continuation of United States interest in that country. The establishment of the mission in Korea which will supervise the administration of the aid program should further minimize any anticipated bad effects from the withdrawal of the U.S. occupation forces.

As you also know, in the interest of economy and prestige of the U.S. Government, and of effective planning for other commitments of the U.S. Armed Forces, the withdrawal of U.S. occupation forces from Korea demands considerate planning and implementation. As a measure toward fulfilling conditions for the withdrawal by 31 December 1948, the Department of the Army, with Department of State concurrence, commenced on 19 May 1948, the preparation phase of the withdrawal. Planning dates for the remaining phases, in which the Department of State has concurred, are:

15 August 1948—Commencement of tactical withdrawal

2 September 1948—U.S. Diplomatic Mission to Korea will assume direct administration of all U.S. responsibilities in Korea including those assumed under Aid Program; excepting purely military responsibilities relating to troops withdrawal.

The situation has developed during the past few months in Korea almost exactly as visualized by the members of the National Security Council when they reached the decision to withdraw from Korea (NSC #8). The Department of the Army therefore is proceeding on the assumption that conditions will be fulfilled which will permit the withdrawal of U.S. Occupation Forces from Korea by 31 December 1948 as envisaged in NSC No. 8. It is estimated that a minimum of 45 days will be required to initiate appropriate logistical and administrative action in connection with the withdrawal. Your concurrence, therefore, prior to July 1st is requested in the above assumption and planning dates.

Sincerely yours,

KENNETH C. ROYALL

501.BB Korea/6-1048 : Telegram

*The Secretary of State to the Embassy in the Soviet Union*

CONFIDENTIAL      US URGENT      WASHINGTON, June 24, 1948—6 p. m.

716. Urtel 1088, June 10.<sup>1</sup> In event you perceive no objection note along following lines should be delivered FonOff soonest. Inform Dept time of delivery for release text here: <sup>2</sup>

"I have the honor to bring to the attention of your Excellency the matter of the distribution of electric power in Korea.

As you are doubtless aware, the principal electric power production facilities for the whole of that country are located in the area north of the 38° parallel presently occupied by Soviet forces. As you are probably also aware, those facilities were designed to meet a substantial proportion of the electric power requirements of that part of the country lying south of the 38° parallel and presently occupied by U.S. forces.

With a view to ensuring that the people of south Korea would not be deprived of the continued normal flow of electric power from such north Korean sources, the US Command entered on June 17, 1947 into an agreement with the Soviet Command designed to effect a settlement for power already supplied and to provide the basis for a subsequent settlement for power to be furnished in the future. The provisions of that agreement were substantially as follows:

(a) the cost of power delivered for the period August 16, 1945, through May 31, 1947, was fixed at 16,334,735 yen, based upon 1941 prices at 0.0195 yen per K.W.H.;

(b) payment should be in equipment and specified materials to be delivered by the US Command within six months from the date of delivery of final revised specifications;

(c) the cost of the equipment and materials would be determined on the basis of 1941 Japanese price lists, or when unavailable or lacking the necessary data, corresponding US price lists would be used. The rate of exchange for this purpose was fixed at 100 yen equalling \$23.44;

(d) should the delivery of particular materials be impossible at a specified time, new terms of delivery or the substitution of other materials would be determined by mutual agreement;

(e) electric power supplied after June 1, 1947, would be the subject of a separate agreement, to be signed within one month.

When it became apparent, as early as December 1947, that delays in the delivery of the specified materials would be unavoidable because

<sup>1</sup> Not printed.

<sup>2</sup> Telegram 1191, June 26, 3 p. m., from Moscow, reported the note's delivery to the Soviet Foreign Office that day at 12:10 p. m. Telegram 210, June 29, noon, to Seoul, stated the note was being made public that day at 8 p. m., and simultaneous release at Seoul was authorized. This was repeated to Moscow as 735. (501.BB Korea/6-2648)



of their extreme shortage in the world markets, the Commanding General of the US Army Forces in Korea, in accordance with stipulation (d) of the agreement as outlined above, initiated a series of efforts to open discussions with the Soviet Command regarding the substitution of other materials, or to settle the account in American dollars. By his letter of May 8, 1948, General Hodge notified General Korotkov that the 8th shipment of materials, in partial payment of electric power received prior to June 1, 1947, would be ready for inspection and delivery on May 25, 1948. The estimated value of this delivery was given as 40% of the total debt, and it was pointed out that this amount, in addition to the 35% already delivered, left an unpaid balance of 25% which General Hodge suggested should be negotiated, under the terms of the Agreement, at a conference between the two commands. On May 14, 1948, six days after the delivery of this letter, the electric power supply to south Korea was cut off, and has never been resumed. On May 17, 1948, in a letter to General Korotkov, General Hodge protested this unwarranted action.

On June 12, 1948, General Hodge referring to his letter of May 8, 1948, notified the Soviet Command in north Korea that materials in payment of the outstanding obligation were either in Seoul awaiting delivery to north Korea, or en route to Seoul. The alternative of settling the account in United States dollars was also reiterated. In this letter, General Hodge again proposed that upon the resumption of the flow of electric power to south Korea and the transfer of the materials now awaiting delivery to north Korea, a conference of accredited representatives of the two Commands, including representative Koreans from both north and south Korea, be convened in either Seoul or Pyongyang. General Hodge expressed the hope that through such a conference a definitive settlement of outstanding accounts, which would include payments for power delivered after June 1, 1947, could be made.

In reply to his letter of May 17, 1948, General Hodge has received a letter from General Merkulov dated June 15, 1948, which reiterated previous communications from the Soviet Command in north Korea to the effect that 'the Soviet Command cannot fulfill the functions as an intermediary between the American Command and the Peoples Committee of north Korea, in the case of delivery of electric energy to south Korea'. Acknowledgment has not been made of General Hodge's letter of June 12, 1948.

It is the view of this Government that so long as Soviet forces remain in occupation of north Korea, the Soviet Command cannot divest itself unilaterally of its responsibilities, including the responsibility incurred under the agreement of June 17, 1947. Should the Soviet Command persist in refusing to maintain an adequate flow of electric

power to south Korea, the people of that area will thereby be subjected to unwarranted hardships.

It is urged, therefore, that instructions be transmitted to the Soviet Command in Korea to resume deliveries of electric power to south Korea immediately, and to participate with representatives of the United States Command in the negotiations proposed by General Hodge." Sent Moscow, repeated Seoul for info as Dept's No. 203.

MARSHALL

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501.BB Korea/6-2848 : Telegram

*Lieutenant General John R. Hodge to the Secretary of State*

SECRET      PRIORITY

SEOUL, June 28, 1948.

Zgceg 967. It appears now that the UNTCOK has been pushed by American and Korean pressure into taking two more faltering steps forward in fulfillment of the 14 November UN resolution on Korea.

On Friday 25 June it dispatched a letter to the Korean National Assembly<sup>1</sup> answering an 11 June letter from the chairman of the Korean National Assembly that officially informed the UNTCOK of the formation of the National Assembly, and accepted an invitation to attend a session of the National Assembly on Wednesday of this next week.

Also, on Friday it adopted a resolution, not yet released, that recognizes that the 10 May elections were held in a "reasonably free atmosphere" and that the elected representatives now in the Assembly represent the valid will of that two-thirds of the Korean population who live in those areas where the UNTCOK could operate (American zone). This resolution has not yet been made public, and is to be read by the UNTCOK chairman as a surprise conciliatory move to the Assembly upon occasion of the commission's visit this week. Copies of the letter and resolution are being forwarded by Seoul PolAd.<sup>2</sup>

The approval of both the letter and the resolution are reported to have been unanimous and followed the departure of Jackson (Australia) on Thursday, 24 June. The two days prior to Jackson's departure were spent in long plenary sessions devoted to tearing down efforts by Jackson and Patterson to get critical and derogatory material into the body of Chapter 6 (covering the elections) of the UNTCOK report. It would appear that the approval of the letter and resolution now kill any change [*chance*] of adverse report by the UNTCOK.

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<sup>1</sup> Telegram 502, June 28, from Seoul, not printed.

<sup>2</sup> Telegram 503, June 28, from Seoul, not printed.

Reliable information is that Jackson's call back to Australia came as a surprise to him and he does not actually know what it means, although he intimates strongly that he will go to Paris to advise the Australian delegate in the General Assembly. His alleged final "press conference" indicates no change in his attitude against establishment of a Korean Government under the UN resolution. The fact that Jamieson has been ordered here to replace Jackson would indicate that possibly Jackson may not be in too high favor at home for his stubborn recalcitrance [*recalcitrance*] and his sticking stolidly to his Tokyo pre-indoctrination in spite of all he saw in Korea to prove the falsity of this indoctrination. It is interesting to note that Patterson of Canada, who arrived here with the same indoctrination has long ago dropped his original "line" and justifies his current stand purely on appeasement and legal technicalities as to the application of the UN resolutions. Both Jackson and Patterson have made every effort to justify the votes cast by the Australian and Canadian delegates against the 27 February interim committee resolution.

As a result of the action on Friday, it may be said that the UNTCOK is now up to date in its moves that should parallel the development of the Korean Government.

The next hurdle will be holding the UNTCOK here after the Korean Government is formed and getting it to consult with that government in carrying out provisions of paragraph four of 14 November resolution. The principal obstacle to keeping the UNTCOK on the job here will be the lack of understanding on the part of several delegates that the real job of the commission is outlined in paragraph four of 14 November resolution. Another considerable factor is Paul-Boncour's grandiose idea he is selling to the delegates and secretariat that the UNTCOK must go to Paris in a body to make its report to the General Assembly. This plan includes travel by a specially chartered plane supplied by United Nations . . . .

HODGE

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501.BB Korea/6-2548 : Telegram

*The Secretary of State to the Embassy in China*

SECRET

WASHINGTON, June 28, 1948—6 p. m.

937. Urtel 1153, June 25.<sup>1</sup> Please express informally to FonOff gratification of this Govt at initiative taken by Chinese in endeavoring obtain UNTCOK's support for recognition recently elected Korean Natl Assembly.

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<sup>1</sup> Not printed.



With reference request that we intercede with French Govt in this matter, you may advise FonOff that prior receipt that request we had already initiated representations both here and in Paris aimed at bringing about resumption by French rep of his previous support of "positive bloc" in UNTCOK. As consequence of those representations French rep has been instructed by his Govt to participate "constructively" in Commission's work. While it is hoped such instructions will serve purpose envisaged in FonOff's request set forth urtel, Dept is transmitting substance that request to Emb Paris<sup>2</sup> as basis possible further representations in its discretion.

Sent Nanking as 937, repeated Seoul for info as 208.

MARSHALL

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<sup>2</sup> Telegram 2350, June 28, 6 p. m., to Paris, not printed.

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501.BB Korea/6-3048 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SEOUL, June 30, 1948.

[Received July 9—8:41 a. m.]

511. Reference Seoul PolAd 503, June 28.<sup>1</sup> Following is text of speech by the Chairman of the United Nations Temporary Commission on Korea, Mr. Miguel A. P. Vallé, on the occasion of a visit to the Korean National Assembly, Seoul, 30 June 1948:

"Mr. Chairman of the Korean National Assembly, gentlemen: As Chairman of the United Nations Temporary Commission on Korea, it is indeed a great honor for me in particular to have this opportunity of greeting you gentlemen, honorable representatives of the Korean people in the rich language of Cervantes. At the outset, I would like to say how sorry we were that we ourselves were not able to be present at the inaugural session of this distinguished Assembly. We were engaged at that time in writing the first part of our report in Shanghai, and at our request, Mr. Costilhes, a member of the French delegation to the Commission, represented us on that occasion.

"Today I would like to take the opportunity of announcing to you that on the 25th June, the Commission resolved unanimously to place on record its opinion that the results of the ballot of May 10, 1948, were a valid expression of the free will of the electorate in those parts of Korea which were accessible to the Commission and in which the inhabitants constituted approximately two-thirds of the people of whole Korea. This decision was taken in the light of our observations of the elections in accordance with the terms of the resolution of the Gen-

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<sup>1</sup> Not printed.

eral Assembly of 14 November 1947. These observations had previously led to our declaration that there existed a reasonable degree of free atmosphere wherein the democratic rights of freedom of speech, press and assembly were respected. Our decision was taken after the Commission had satisfied itself that the electoral procedures which it had recommended had on the whole been correctly applied by the respective authorities.

"In extending our congratulations to the Korean people on the spirit of patriotism they demonstrated during the elections, the Commission entertains the hope that the distinguished representatives who are present here will exert their greatest efforts and will, in all sincerity, strive for the attainment of the unification of Korea within the shortest possible time. I am sure your efforts will receive the fullest cooperation of all Korean patriots.

"In addition to announcing its resolution on the elections, the Commission wishes to reiterate the fact that in accordance with resolution II of the General Assembly of the United Nations of 14 November 1948, it is ready for consultation with the elected representative of the Korean people if they desire such consultation.

"In expressing their sincere wishes for the peace and prosperity of the Korean people, the United Nations Temporary Commission of Korea desires me to emphasize its belief and faith in the future of the Korean people—a future which will indeed remain bright so long as her sons work with patience and enthusiasm for the greatness of the country."

JACOBS

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501.BB Korea/7-648 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*<sup>1</sup>

SECRET      PRIORITY

SEOUL, July 6, 1948.

523. Cite Zpol 1021. Part 1. Letter dated 25 June 1948 from General Merkulov to General Hodge regarding power question delivered in Seoul on 2 July. Official text basically same as broadcast on 29 June from Pyongyang and radioed to Washington as Seoul PoAd 514, July 2. Official text of Merkulov letter being despatched by pouch.<sup>2</sup>

Part 2. General Hodge's proposed reply, included as Part 3 of this radio, reiterates previous American position and outlines course of action which could end deadlock. In view of Department's recent note to Moscow on subject, command desires comments or concurrence in proposed text before letter is despatched to Pyongyang.

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<sup>1</sup> From Messrs. Jacobs and Bunce.

<sup>2</sup> For text, see Department of State *Bulletin*, August 1, 1948, p. 148. Telegram not printed.

Part 3. Proposed reply by General Hodge follows:

"This is to acknowledge receipt of your letter of 25 June 1948, which was delivered to me in Seoul on 2 July.

"As I have often stated in the past, the American Command in Korea would welcome the opportunity to reach a settlement for all electric power hitherto received from Northern Korea, and to come to a mutually satisfactory agreement relating to future deliveries of electric power. The American position in this matter has been clearly set forth by the US Government note of 29 June 1948 to the Soviet Government, which says, in part: 'It is the view of this government that so long as Soviet forces remain in occupation of North Korea, the Soviet Command cannot divest itself unilaterally of its responsibilities, including the responsibility incurred under the agreement of June 17, 1947. Should the Soviet Command persist in refusing to maintain an adequate flow of electric power to South Korea, the people of that area will thereby be subject to unwarranted hardships.'

"Following the practice of the American Command in past power negotiations, I expect to designate qualified Koreans to participate in any future negotiations on the power question. Similarly, it is acceptable to the American Command if the Soviet Command wishes to designate certain Koreans to act as its authorized representatives in accepting commodities transferred in payment for power under the 17 June 1947 agreement, and to participate in any further negotiation regarding electric power. Korean participation in such negotiations, however, in no way modifies the status of the Soviet and American Commands as the responsible military occupants in Korea.

"In order to promote the best interests of the Korean people, both north and south of the 38th parallel, I propose the following:

"1. Immediate resumption of the flow of electric power from Northern to Southern Korea.

"2. Simultaneous dispatch of a Korean from Pyongyang to Seoul to accept delivery of the first of the many trainloads of valuable electrical equipment and other commodities, which were ordered on world markets to meet the requirements specified in the Soviet Command.

"3. Concurrently dispatch to Seoul of representatives of the Soviet Command, or agents designated and properly accredited by the Soviet Command with full powers to act on its behalf, in settlement for electric power received after 31 May 1947, and to reach an agreement regarding payment for electric power to be received during the remainder of the occupation period."

JACOBS

501.BB Korea/7-748 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

RESTRICTED

SEOUL, July 7, 1948.

531. Cite Zpol 7386. Reference paragraph 3, Seoul PolAd 530,



July 7.<sup>1</sup> Following are remarks made by Rhee on June 30 when UNTCOK visited Assembly:

"We are delighted to welcome to the Korean National Assembly the chairman and other members of the United Nations Temporary Commission to Korea. They come as our guest[s], at our invitation, but they are no strangers to us. They have been working with us ever since they came to Korea last January to assist in and to observe the free election of true representatives of the Korean people. We, the members of the National Assembly assembled here together are those representatives, elected by the free choice of the Korean people in that portion of our country open to the observation of the United Nations Commission. Our debt to these friends who have come to Korea from all over the world to assist the Korean people in these difficult times is incalculable. But this is the sort of debt which we are honored to owe, for it is the debt of the proud, ancient people, whom we represent in this Assembly, to the free nations of the world, who have reached out to help us.

As is well known we are constantly striving and we pledge ourselves to continue to strive to establish national unity, and to bring together all Koreans regardless of residence into one nation and one govt. We look forward with unconcealed eagerness to the day when our fellow countrymen in the north will be able to hold elections for their representatives in accordance with the resolutions of the United Nations, and when they will be able to send their freely elected representatives to take their rightful places in this Assembly and in the forthcoming govt. We are sure we have the goodwill and the support of the members of the United Nations Commission in our efforts to reunite our country, and that we can look forward to their continued assistance and good offices to that end.

Now, it is my honor and my pleasure to introduce to you the chairman and members of UNTCOK."

JACOBS

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<sup>1</sup> Not printed.

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740.00119 Control (Korea)/6-2448

*The Under Secretary of State (Lovett) to the Secretary of the Army  
(Royall)*

TOP SECRET

WASHINGTON, July 8, 1948.

DEAR MR. SECRETARY: This will acknowledge your letter of June 23, 1948, in which you described plans and arrangements of the Department of the Army for implementation of National Security Council

Paper No. 8. You will also have received my letter of June 23, 1948 on the same subject.<sup>1</sup>

Your letter states:

"The Department of the Army, therefore, is proceeding on the assumption that conditions will be fulfilled which will permit the withdrawal of U.S. occupation forces from Korea by 31 December 1948 as envisaged in National Security Council Paper No. 8."

You also state that a minimum of 45 days is required to initiate appropriate logistical and administrative action and that tactical withdrawal is scheduled to commence August 15, 1948. You ask concurrence prior to July 1 in the assumption and planning dates.

My letter of June 23 emphasized the importance of phasing the withdrawal from Korea in consonance with accomplishment of the objectives of United States policy in Korea and with the relevant commitments of the U.S. vis-à-vis the UN.

Because developments in Korea are still in progress, it is not possible at this relatively early date to assess the extent of accomplishment of United States policy objectives in that country. Such assessment can only be made in light of the developing situation.

I recognize the necessity for advance planning and scheduling. In the light of National Security Council Paper No. 8, therefore, I perceive no objection to August 15, 1948 as the date planned for commencement of tactical withdrawal nor to December 31, 1948 as the date planned for normal phasing to completion; provided, however, that your plans for the withdrawal operation are sufficiently flexible to provide for suspension, delay or other adjustment consistent with the extent of achievement of U.S. policy objectives with respect to that country.

Faithfully yours,

ROBERT A. LOVETT

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<sup>1</sup> See letter by the Secretary of State, p. 1224.

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501.BB Korea/7-1048: Circular telegram

*The Secretary of State to Certain Diplomatic and Consular  
Officers Abroad*

SECRET      PRIORITY

WASHINGTON, July 10, 1948—1 a. m.

Following represents current thinking of Dept with respect to problem of recognition of Korean Govt expected to be formed shortly as result of May 10 elections:

1. US Govt is cognizant of right of General Assembly to make its own decision, on basis of report and conclusions of UN Temporary Commission on Korea (UNTCOK), as to whether and to what extent

new Korean Govt constitutes fulfillment of aim of GA Resolutions of Nov 14, 1947 to reestablish natl independence of Korea, and is anxious to avoid any action which might be regarded as derogatory of that right.

2. As occupying Power however US is confronted with fact that it must define its own attitude toward new govt before it can enter into negotiations therewith on subject of implementation of further provisions of GA Resolutions pertaining to transfer of functions of govt., withdrawal of occupation forces etc, negotiations which GA Resolutions stipulate should be undertaken immediately upon establishment of govt. Reluctance on part of US to initiate implementation of such further provisions once new govt has come into being would be susceptible of interpretation as lack of confidence in that govt and would tend to detract to that extent from latter's prestige both within and outside Korea. In view of two to three month period likely to elapse between formation of govt and GA consideration of problem, and in view of fervor of Korean nationalist aspirations, refusal of US to take action pending GA deliberations might moreover give rise to serious problem of public order, for which US as occupying Power is responsible.

3. US Govt feels strongly that very considerable progress which UN has so far made toward restoring freedom and independence to Korean people would be seriously jeopardized by any act on part of UNTCOK or its member States or of US which could be construed as disavowal of new govt. It believes further that, in light of special position occupied by US as initiator and leading proponent of GA Resolutions on Korea and as occupying Power from whose hands new govt will assume attributes of sovereignty, failure on its part promptly to accord new govt some form of recognition, however limited, would be so construed. Any weakening of prestige and authority of new govt in south would inevitably redound to advantage of Soviet puppet regime in north, with consequent lessening of chances of unification of Korea on anything but Soviet satellite basis.

4. US Govt continues to adhere to view, which it believes is supported by GA Resolutions particularly as interpreted by Interim Committee, that question of whether or not new Korean Govt is to be considered a natl govt is one which must be decided by Korean people themselves through their recently elected representatives.

5. To accept contention that govt in south must not be recognized as natl govt for reason that such action might lead to similar recognition of north Korean regime by Soviets would in US view be to admit impotence of UN to give effect to clearly-expressed will of overwhelming majority of its members in face of opposition of single Power-



acting in defiance of that majority. It can, moreover, be argued with at least equal force that failure to recognize govt in south as natl govt would constitute open invitation to Soviets to consolidate position their puppet regime in north by according it such recognition. Recognition of new govt in south as govt of south Korea alone would tend to deepen present division of country and preclude broadening of govt to include north Korean reps.

6. On basis foregoing considerations, Dept contemplating issuance of statement soon after formation new Korean Govt to effect that US Govt regards new govt as "Natl Govt of Korea envisaged by GA Resolutions" and that it is sending Special Rep to negotiate with that govt, in consultation with UNTCOK, concerning implementation further provisions those Resolutions.

In as much as one factor affecting final decision US Govt on recognition new Korean Govt will be attitude of other interested govts, you are requested in your discretion to communicate substance of foregoing to appropriate FonOff official, informally and in strictest confidence, and to report reaction at earliest opportunity.

Sent Canberra, Ottawa, Nanking, San Salvador, Paris, New Delhi, Manila, Damascus, London. Rptd Seoul for info.<sup>1</sup>

MARSHALL

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<sup>1</sup> Repeated as telegram 459, July 12, 5 p. m., to New York.

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501.BB Korea/7-648 : Telegram

*The Secretary of State to the Political Adviser in Korea (Jacobs).*

SECRET

WASHINGTON, July 10, 1948—2 p. m.

272. Gen. Hodge's proposed reply to Gen. Merkulov on subject Korean power settlement (urtel 523, July 6) concurred in by Dept subject following comments:

(1) In view present intention divest USAFIK of governmental authority and responsibility following formation new Korean Govt, suggest desirability deleting final sentence third para reading "Korean participation in such negotiations however in no way modifies status of Soviet and American Commands as responsible military occupants in Korea".

(2) Suggest opening phrase of numbered subpara 2 be amended to read "Simultaneous dispatch of rep of Soviet Command to Seoul".

(3) Suggest numbered subpara 3 be changed to read "Concurrent dispatch to Seoul of fully authorized reps of Soviet Command, or agents designated and properly accredited by Soviet Command with full powers to act on its behalf, for purpose of concluding settlement

for electric power received after 31 May 1947, and of reaching agreement regarding payment for electric power to be received during remainder of occupation.”<sup>1</sup>

Army concurs.

MARSHALL

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<sup>1</sup> Telegram 551, July 13, from Seoul, quoted text of letter as revised, dated July 12; for text, see Department of State *Bulletin*, August 1, 1948, p. 147.

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501.BB Korea/7-1148 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

CONFIDENTIAL      PRIORITY

SEOUL, July 11, 1948.

540. Cite Zpol 1049. Radio Pyongyang announced evening July 10 that fifth conference of North Korean People's Council had that date made five decisions approving the constitution drafted in April and arranging for an election to be held August 25. Substance of these five decisions are:

*Decision 1:* Constitution of the Democratic Korean People's Republic shall be enforced in North Korea until it can be enforced in all Korea.

*Decision 2:* A general election shall be held to choose representatives of the Supreme People's Council and necessary preparations for such election shall be undertaken by central election committee appointed by standing committee of North Korean People's Council.

*Decision 3:* The election shall be held on August 25.

*Decision 4:* Standing committee approves election regulations.

*Decision 5:* Standing committee appoints 17 persons as members of central election committee to prepare and supervise election.

Text of election regulations was broadcast as well as very long statement by Kim Il Sung in presenting constitution to People's Council in which he accuses United States, with help of reactionaries and traitors, of dividing Korea permanently along thirty-eighth parallel, of disrupting economy of South Korea, of creating police state (mentions UP report to that effect), and of brutal disregard of Korean rights as evidenced by recent bombing of Korean fishermen.

Radio report also stated that following foregoing decisions the old flag of Korea (*Tai Kook Ki*) was lowered and the new national flag of the Democratic Korean People's Republic was raised.

As indication of rigged character of proceedings, it may be remarked time required to listen to Kim Il Sung's long speech, as well as others, and to make five decisions mentioned, was two hours and five

minutes according to time given by radio for opening and closing of council's session.

It seems therefore that Soviet authorities are regularizing the regime in North Korea by an election preparatory to steps which it will propose at meeting General Assembly. Thought arises that it might be desirable for UNTCOK to attempt to propose to South and North Korean authorities that it be permitted to observe this North Korean election as was done in South Korea. Possibly Australian, Canadian and Indian delegates may suggest such action. However, we are taking no steps to suggest it unless Dept advises that it desires us to do so. If Department thinks favorably of suggestion, it may prefer that USUN make the approach to Secretariat at Lake Success. Danger latent in this suggestion, as we see it, is that if Soviets should accept, this fact might move UNTCOK to request that we postpone any transfer of authority to National Assembly here until General Assembly meets. Such development would upset our present plans and lead to difficulty with Rhee and other South Korean leaders who are in no mood to brook further delays.<sup>1</sup>

JACOBS

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<sup>1</sup> Marginal notation by the Assistant Chief of the Division of Northeast Asian Affairs (Bond): "Discussed with USUN which feels any such approach would be fruitless. NB".

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501.BB Korea/7-1348 : Telegram

*The Ambassador in the United Kingdom (Douglas) to the Secretary of State*

SECRET

LONDON, July 13, 1948—5 p. m.

3147. Depcirtel July 10, 1 p. m. [*a. m.*], and Department's 2668, July 10, 8 p. m.<sup>1</sup>

1. Before receipt Department's 2668, officer of Embassy had talk with Denning<sup>2</sup> and MacDermot of Foreign Office re proposed procedure outlined in Paragraph 6 of Depcirtel under reference. Both officials stated that, after consultation with Foreign Office legal advisers, Foreign Office very dubious of advisability of statement of recognition of new government as "National Government of Korea" because (a) recognition would be unrealistic as government in fact would not exercise control over half of territory over which it would claim sovereignty, (b) recognition might be interpreted as by-passing GA and

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<sup>1</sup> Latter not printed.

<sup>2</sup> Maberly E. Denning, Assistant Under-Secretary of State, British Foreign Office.



IC of UN, causing resentment and dissension among members of UN, (e) USSR would exploit to fullest any such dissension for propaganda purposes, and (d) such recognition would give USSR some justification for proclaiming puppet government of North Korea as "national government". Existence of two so-called "national governments" would only serve to increase tension and enlarge areas of controversy between US and USSR.

2. Dening working with Foreign Office legal advisers in endeavor to compose proposed substitute statement which will not include words "national" or "all Korea" but which will in effect permit US to enter into negotiations for implementation of further provisions of GA resolutions. Substitute proposed statement should be ready in day or two.

Department please pass Seoul.<sup>3</sup>

DOUGLAS

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<sup>3</sup> This was done July 14, 7:30 a. m.

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501.BB Korea/7-1448: Telegram

*The Ambassador in the Soviet Union (Smith) to the Secretary of State*

SECRET

Moscow, July 14, 1948—1 p. m.

1319. Reference recent Department airgrams concerning hesitation certain members UN Commission on Korea to agree to recognition recently elected legislative body as "National Assembly", suggest point should be made to their governments that Soviet moves in North Korea unlikely be affected by such action. Soviets have long been proceeding without hesitation in their plans for "national government" in North Korea and are nearing accomplishment these plans as latest session in Pyongyang evidences (Embtel 1297, July 11<sup>1</sup>). Beneficial results speedy recognition by UN of National Assembly in Seoul would be legion. Argument that UN action would cause Soviets to set up separate government spurious since this already being done in North Korea in complete defiance all decisions and efforts of UN and UN Commission.

Sent Department 1319; Department pass Seoul 14.<sup>2</sup>

SMITH

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<sup>1</sup> Not printed.

<sup>2</sup> This was done at 10:45 p. m. the same day. A circular telegram of July 15, 2 a. m., repeated 1319 to 8 posts (UNTCOK capitals and London).

501.BB Korea/7-1448 : Telegram

*The Chargé in Australia (Nielsen) to the Secretary of State*<sup>1</sup>

SECRET

CANBERRA, July 14, 1948—2 p. m.

153. Communicated to Burton<sup>2</sup> substance Depcirtel July 10, 1 p. m. [a. m.]. He had foreseen probability subject arising soon and therefore had discussed it thoroughly with Dr. Evatt. Following is his comment:

1. Australian Government will not recognize new government in south as national government of Korea (it does not represent entire country, people in north did not vote, etc.) nor will it recognize new government as government of South Korea until report of UNTCOK has gone to GA and has been accepted by it. Recognition by Australia on basis unilateral action suggested by Department would be in violation of Austr[al]ian Government's general principle that it will accord recognition to a new state only after that state has been admitted to membership in UN.

2. Burton said that because of circumstances in which south Korean elections were held (but he added that his government did not plan to challenge those elections) he feared there would arise in Korea a situation comparable to that in Greece, with allegations that the new government is not constituted on a broad enough basis to be truly representative, with that government finding it necessary to resort to extensive executions and other harsh measures in order remain in power, and with assistance for the disaffected element coming from North Korea. Such developments assuredly would deepen present divisions of country.

3. Reverting to subject of recognition, Burton said that following course of action seemed logical and promised to be effective.

In view of its special position, let US at any time announce, if it chooses to do so, that it will give its support to new government in south. When GA considers UNTCOK report, Burton is confident that in mood in which it will be at the time GA will find and record that commission did not do job for which it was established, and that it failed to do so because will of single power prevented it from discharging its task. He believes GA would then commend UNTCOK for having done well in the circumstances and would adopt report. GA might admit South Korea to UN membership, thereby making possible recognition by all members with weight of GA approval behind action. Burton was very certain that unilateral action as outlined by Department would cause number of powers refuse recognition. He hinted that

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<sup>1</sup> Sent as 261, July 23, 5 p. m., to Seoul.

<sup>2</sup> Secretary of the Australian Ministry for External Affairs.

UK is uneasy about unilateral actions but he did not express opinion as to how UK views Korean situation.

NIELSEN

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501.BB Korea/7-1448 : Telegram

*The Chargé in Syria (Memming) to the Secretary of State*<sup>1</sup>

SECRET      PRIORITY

DAMASCUS, July 14, 1948—4 p. m.

446. Context Depcirtel July 10, 1 a. m., discussed today with Istwani, Foreign Office Director Political Affairs. Although he did not resist commenting that US Government always recognizes untried states with undue haste, in this case, he said, Syria probably would support American position. Istwani promised recommend early recognition South Korea Government as national government to Cabinet and expressed himself as certain that Syria would not disavow new Korea Government.

MEMMINGER

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<sup>1</sup> Sent as 254, July 21, 5 p. m., to Seoul.

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501.BB Korea/7-1448 : Telegram

*The Ambassador in the United Kingdom (Douglas) to the Secretary of State*

CONFIDENTIAL

LONDON, July 14, 1948—6 p. m.

3186. Reference Embtel 3147 dated July 13, 5 p. m. 1. Dening today handed officer of Embassy lengthy memorandum giving British objections to recognition of new government in South Korea as "National Government of Korea envisaged by GA resolutions". As these are familiar to Department, shall not telegraph full text unless so instructed but shall send airmail.<sup>1</sup>

2. Following is text proposed substitute statement referred to in Paragraph Two of Embtel 3147:

"The Government of the United States considers the administration which has established itself in South Korea as a result of the elections held there on May 10 to be the government envisaged in the terms of the resolutions of the General Assembly and of the Interim Committee of the United Nations".

Department pass Seoul.<sup>2</sup>

DOUGLAS

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<sup>1</sup> Despatch 1570, July 16, from London, not printed.

<sup>2</sup> This was done July 15, 3 a. m.



501.BB Korea/6-1548 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*<sup>1</sup>

SECRET US URGENT

NANKING, July 15, 1948—2 p. m.

1296. Reference Embtel 1209, July 2, 2 p. m.<sup>2</sup> Foreign Minister<sup>3</sup> has now informed us that China will definitely join the US in any action to recognize a national government of Korea. He suggests that the US and China undertake a joint *démarche* to secure simultaneous and similar British action. He further suggests that the American Ambassador in Paris be instructed to renew his efforts vis-à-vis French Government.<sup>4</sup>

STUART

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<sup>1</sup> Sent as 253, July 21, 5 p. m., to Seoul.

<sup>2</sup> Not printed.

<sup>3</sup> Dr. Wang Shih-chieh.

<sup>4</sup> In telegram 1045, July 17, 5 p. m., to Nanking, the Department expressed appreciation of Chinese support, agreed as to appropriateness of parallel statements by the U.S., United Kingdom, and China, stated it was "most anxious that such joint action be arranged", and was delaying further approach to France pending a reaction to the circular telegram of July 10, 1 a. m., p. 1235. This telegram was repeated as 2800 to London and as 242 to Seoul.

501.BB Korea/7-1648 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SECRET URGENT

SEOUL, July 16, 1948.

562. Cite Zpol 1087. Following are my comments in response to instructions contained Deptel 231, July 12:<sup>1</sup>

1. Insofar as I can ascertain, considerations set forth second section PolAd's 533, July 8<sup>2</sup> remain substantially same as reported except that I sense slight trouble of attitude (or rather feeling that there should be change of attitude) among "opposition" members UNTCOK as result of promulgation at Pyongyang of North Korean Constitution on July 10 and decision of People's Council to hold election August 25 to elect Supreme People's Council of Democratic Korean People's Republic. It is my opinion, therefore, that when UNTCOK is notified of formation of national government here (about week July 26-31) Australian, Canadian and Indian delegates will request instructions from their governments to take no further active part in meetings of UNTCOK except perhaps to complete report relating to events prior to formation of that government. Other delegates—Chinese, French,

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<sup>1</sup> Not printed; it asked for comments on the circular telegram of July 10, 1 a. m., p. 1235.

<sup>2</sup> Not printed; it added detail in support of General Hodge's telegram Zgcg 967, June 28, p. 1229.

Filipino and Salvadorian—will, insofar as their instructions are known to me, be prepared to continue here in consultation with authorities of new government but all of them except Liu (who expects to go Paris anyway) are rather unhappy at moment because Binnerts<sup>3</sup> received telegram two days ago from Secretary General Lie that there was no need (and no funds) for Commission as unit proceed Paris.

2. As regards consideration of statement of US policy set forth in Depcirtel July 10, 1 a. m., I feel that it is good statement and indicates only course which we can pursue at this stage. It seems to me that objection to statement of our policy (contained in paragraph 6 of Depcirtel July 10) could be mitigated or removed if those who object could only be made to understand that our recognition is "de facto" only (presumably until after General Assembly has considered Korean problem) since we are sending "special representative" to carry on negotiations in consultation with UNTCOK rather than full-fledged accredited ambassador or minister. Possibly reference to this fact in another approach to British Foreign Office might persuade it to accept our phraseology rather than the substitute phraseology proposed by it in paragraph 2 of London Embassy's 3186, July 15, 6 p. m. to Department. If not, however, advantage to be gained in having Great Britain (also China) take parallel action with us is of sufficient importance to cause us to give serious consideration to adoption of British phraseology, especially if by so doing, Great Britain and China would be prepared along with us to raise the status of their Consuls General here to special representatives to "new administration", term used by British. However, before we recede from our position, we should be pretty sure that Great Britain will take such parallel action.

3. I feel that action taken by North Korean authorities in promulgating their constitution and setting August 25 for an election, which is tantamount beyond question to establishment of regime in North Korea claiming to be government of all Korea, should be played up as new factor in all future communications which we send to other interested governments.

4. With regard to question of applicability to North Korea of constitution promulgated here, certain members of Assembly's Liaison Committee have already noted decision taken at Pyongyang excluding South Korea temporarily from applicability of North Korean constitutions. They are considering whether it might not be desirable for Assembly here to take similar action. We are, as previously reported, taking no action to press matter because it is one Assembly

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<sup>3</sup> Succeeded Milner as senior member of UNTCOK secretariat.

should decide itself and because any unsolicited advice from us might produce opposite effect.

5. Finally, UNTCOK should by all means be kept in session in Seoul until General Assembly had completed its consideration of Korea problem. Real consultative function contemplated in paragraph four resolution two has not even begun but aside from that consideration there should be a UN agency here to undertake handling of any developments requiring action in Korea which may arise as result not only of General Assembly action but also any other development advertising international interests. If it is question of money, as I have indicated previously, we should by all means arrange that. If it is question of adequate UNTCOK representation in Paris, 2 *rapporteurs* or 1 *rapporteur* and 1 assistant should be chosen while other members remain here. If it is question of present members having become too tired and weary of their jobs their governments should replace them. If it is question of some governments (for instance Australia and Canada) not desiring to permit their representatives to participate in all phases of UNTCOK's consultative activities, those governments should be persuaded to leave their representatives here to be ready to undertake such tasks as they are willing to undertake or ready to begin immediately upon any phases concerning which directives may be given us result of and during consideration by General Assembly. By all means, small secretariat such as UNTCOK now has here should be kept intact.

JACOBS

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501.BB Korea/7-1648 : Telegram

*The Chargé in the Philippines (Lockett) to the Secretary of State*

SECRET

MANILA, July 16, 1948—11 a. m.

1305. Contents of Depcirtel July 10, 1 p. m. [*a. m.*], concerning action to be taken in Korea relative problem recognition Korean Government to be formed as result May 10 elections were discussed yesterday with President Quirino. He stated "My government is a member of UNTCOK and therefore I feel that measures decided upon by the Commission should be supported. I see no objection to the plan of action contemplated by the US soon after the formation of the new Korean Government".

The latter part of the foregoing statement refers to paragraph numbered 6 Depcirtel July 10, 1 p. m. [*a. m.*] which I had just read to him verbatim.

LOCKETT



501.BB Korea/7-1748 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

RESTRICTED US URGENT

SEOUL, July 17, 1948.

565. Cite Zpol 7857. Reference PolAd's 545, July 12.<sup>1</sup> Constitution of national government of Korea approved July 12 was promulgated at special ceremonial session of assembly this morning.

General Hodge and high ranking members of consular corps attended as invited guests, but no speeches made by any of them. UNTCOK members were invited as individuals (not present was Chinese Consul General <sup>2</sup>). Alternate Chinese delegate Ssutu and alternate [*El Salvador?*] delegate Villalva [*Vallé?*] attended, however. UNTCOK was holding its own session at time ceremonial session of assembly was taking place.

Rhee in his statement before assembly acknowledged assistance given Koreans by US and UN in making possible this step toward establishment of government in Korea.

JACOBS

<sup>1</sup> Not printed.<sup>2</sup> Liu Yu-wan.

501.BB Korea/7-1948 : Telegram

*The Chargé in India (Donovan) to the Secretary of State*<sup>1</sup>

SECRET

NEW DELHI, July 19, 1948—10 a. m.

584. Depcirtel July 10, 1 p. m. [*a. m.*] and Embtel 563, July 14.<sup>2</sup> K. P. S. Menon advised Embassy orally today India could not subscribe to US policy of recognition of New Korean Government as "national government of Korea envisaged by GA resolution." He said that concurrence of GOI in American policy recognition would constitute complete *volte-face* in Indian policy and made particular reference his statement before interim committee last February (UN document AAC 18/28 page 13).

Menon added his government might be able support US Government statement along following lines "US Government while recognizing it is responsibility of GA to decide finally whether new government is national government envisaged in GA resolution it as occupying power proposes transfer power to new government to maximum extent possible in spirit of resolution." Foregoing is verbatim quotation Menon's statement to Embassy officer. He also said information he had

<sup>1</sup> Repeated by the Department in 252, July 21, to Seoul.<sup>2</sup> Latter not printed.

received from GOI representative UNTCOK that other members UNTCOK might also support such a resolution and that he felt it would be highly desirable if UNTCOK decision on this question could be unanimous.

Menon said he was pessimistic re chances unification of Korea but felt for time being no irrevocable action should be taken which would make it impossible north and south Korea leaders work toward unification.

DONOVAN

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501.BB Korea/7-1948 : Telegram

*The Ambassador in the United Kingdom (Douglas) to the Secretary of State*<sup>1</sup>

SECRET

LONDON, July 19, 1948—7 p. m.

3268. Deptel 2799, July 17, 5 p. m.,<sup>2</sup> re recognition Korean Government.

1. Foreign Office agrees would be highly appropriate for US, GB and China to take parallel action re recognition of new Korean Government and appreciates fact that some necessity exists for US as occupying power to take some action immediately upon formation new Government in South Korea but does not feel that same necessity prevails in regard GB. More concerned with use of any phrase implying that new government is government of "all Korea" than with problem of timing.

2. Foreign Office points out that three members of Temporary Commission on Korea are British Dominions and that these members might justifiably have cause for complaint should UK take action in recognizing new government in South Korea, even with modified formula, before three Dominions have had their say to UN. Pointed out to Foreign Office that delay in implementing further provisions of GA resolutions might well result in riots and disorders in Korea. Foreign Office wondered if US could not call meeting of Interim Committee to receive report of UNTCOK or, if this not practical, to proceed immediately with such tentative negotiations with new Korean Government as will satisfy Koreans while awaiting decision of GA. Under any circumstances Foreign Office not inclined extend recognition of any kind to new Korean Government until UNTCOK has reported to UN or organization thereof that new government has emerged as result of elections held under GA resolutions.

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<sup>1</sup> Repeated by the Department in 251, July 21, to Seoul.

<sup>2</sup> Not printed.

3. It is not believed that joint US-China *démarche* to UK will have any effect on British position but suggestions being telegraphed Nanking.

Sent Department 3268; repeated Nanking 4.

DOUGLAS

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895.01/7-2048

*Memorandum by the Director of the Office of Far Eastern Affairs (Butterworth) to the Under Secretary of State (Lovett)*<sup>1</sup>

CONFIDENTIAL

[WASHINGTON,] July 20, 1948.

The Korean National Assembly which was elected under the aegis of the United Nations Temporary Commission on Korea in accordance with procedures laid down in the GA Resolutions of November 14, 1947, has formulated a constitution and elected a president and vice president.<sup>2</sup> The government will be formed and the United Nations Temporary Commission on Korea and the U.S. occupation authorities will probably be informed thereof on or after July 26.

The question of recognition of that government is one which has been under consideration for some time and has been the subject of diplomatic correspondence between this Government and other interested governments. Present planning in this Department calls for the issuance of a statement by this Government shortly after the formation of the new Korean Government to the effect that we regard the latter as the Government of Korea envisaged in the GA Resolutions mentioned above. It is contemplated that it would also be announced at the same time that this Government is sending to Korea a special representative who will be authorized to negotiate with the new Korean Government concerning the transfer of the functions of government presently exercised by U.S. Army forces in Korea and the withdrawal of those forces in accordance with the terms of the cited GA Resolutions. When the General Assembly reconvenes in Paris in September, the Temporary Commission will report to it and the question of the formal recognition of the new Korean Government by the members of the United Nations will come up for discussion and decision.

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<sup>1</sup> Initialed by the Secretary of State who had written Mr. Lovett that "The President asked my opinion as to whether or not we might recognize a Korean Gov. at this time? GCM".

<sup>2</sup> Telegram 579, July 20, from Seoul, reported the election that morning of Dr. Syngman Rhee "as President of National Government" and of Lee Sei Yung as Vice President (895.032/7-2048). Telegram 593, July 24, from Seoul, reported their inauguration that morning in the presence of UNTCOK and the Political Adviser (501.BB Korea/7-2448).



501.BB Korea/7-2048 : Telegram

*The Acting United States Representative at the United Nations  
(Jessup) to the Secretary of State*<sup>1</sup>

SECRET

NEW YORK, July 20, 1948—8 p. m.

925. Reference telegram 540, July 11, from Seoul, Department circular telegram, July 10 and telephone conversation Wainhouse to Noyes and Hyde,<sup>2</sup> USUN which is concerned with possible reference to IC as suggested in London's 3147, July 13, and 3268, July 19 and with inevitable debate on Korea in GA, submits following views for Department's consideration:

1. Two major elements which were fully recognized when IC first began consideration of Korean case are still present. First, US does not wish to prolong its occupation; second, other governments including China and UK would like to have US remain in Korea.

2. IC proceedings were designed to facilitate US withdrawal from Korea under UN plan as embodied in GA resolution of 14 November 1947.

3. US having submitted Korean matter to UN cannot properly act except through UN procedures and channels and in accordance with GA resolution. This difficulty would not be avoided by obtaining concurrence of two or more other powers in granting formal recognition.

4. GA resolution 14 November 1947, in paragraph 4 contemplated that UNTCOK should be consulted on all steps taken subsequent to election National Assembly. These steps include formation of national Korean security force and taking over functions from military commands and mutual withdrawal armed forces of US and USSR.

5. US would be in weakest position in GA if at this stage it took any of these steps without UNTCOK or other UN approval or acquiescence.

6. Problem as we see it is to stay within UN framework without discouraging Koreans, without playing into Soviet hands and without delaying US plans any more than necessary.

7. Most desirable procedure to solve this problem in our opinion would be to have a public letter sent by Hodge to UNTCOK along

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<sup>1</sup> Repeated by the Department in 250, July 21, 2 p. m., to Seoul, with request for "urgent comment". Marginal notation by Mr. Bond: "Views set forth in this tel. discussed with USUN in N.Y. July 23/48." In a memorandum of July 29, Mr. Bond added "that from those conversations there emerged a substantial meeting of minds, which was not apparent at the time" of the telegram under discussion, "with respect to the course of action to be followed by the U.S. in Korea between now and the time the General Assembly convenes in September" at Paris. (501.BB Korea/7-2048)

<sup>2</sup> David W. Wainhouse, Associate Chief, Division of International Security Affairs; Charles P. Noyes and James N. Hyde, members of the U.S. Mission at the United Nations.

following lines: letter would quote from GA resolution of 14 November 1947 the steps to be taken "immediately upon the establishment of a national government". It would refer to UNTCOK's resolution regarding elections as reported in 503 from Seoul, June 28, and letter from UNTCOK to Rhee as reported in 502 from Seoul, June 28.<sup>3</sup> It would then refer to Korean plans for setting up Korean national government. Hodge's letter might continue by pointing to fact that US Government as occupying power has special responsibilities in connection with the anticipated consultations between UNTCOK and National Assembly or national government in regard to points A, B, and C listed in paragraph 4, GA resolution of 14 November. UNTCOK will recognize that the constitution of a national security force for Korea in accordance with paragraph 4(A) of GA resolution would necessarily depend upon cooperation US forces. US accordingly contemplates, in spirit of cooperation with UN, and UNTCOK, to assist Koreans along this line. Point B of paragraph 4 of GA resolution is similarly a matter involving arrangements between US occupying forces and Koreans and US is prepared to carry out its part as soon as Korean national government provided for by Korean National Assembly is established as expected on August 15. US is prepared to fulfill its obligations under point C of paragraph 4 of GA resolution at the appropriate time. It recognizes that GA contemplated that withdrawal of armed forces should take place within 90 days after formation of national government. Since 3rd GA session will no doubt consider report of UNTCOK prior to expiration of this period, US recognizes that UNTCOK may contemplate receiving further instructions from GA on this point, before final arrangements made.

However, suggested action on points A and B would not appear to require previous GA action. Letter might conclude by requesting expression of UNTCOK's views upon foregoing.

If such a letter were sent, diplomatic representations would presumably be made in states of which members of UNTCOK are nationals. The approach suggested leaves formal issue of recognition to GA, US relations with Koreans being nominally continued in our capacity as occupying power. We believe governments represented in UNTCOK would be relieved not to face recognition issue now and we might secure Indian and Syrian approval along with France, China, Salvador and Philippines.

8. Assuming UNTCOK does not express disagreement with US suggestions it would seem possible for US to send representatives to

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<sup>3</sup> Neither printed, but see telegram Zgcg 967, June 28, from General Hodge, p. 1229.



continue negotiations with Korean national government on informal basis without becoming involved in question of recognition. Obviously lack of formal recognition would be blow to Koreans and would need to be explained in terms of US compliance with UN action, presumably to be taken at the GA. In this connection, representation of Korean national government at Paris should be encouraged as contemplated in Seoul's 542 of July 12 and 567 of July 17.<sup>4</sup>

9. If UNTCOK expresses disagreement with US suggestions or gives clear indication it is unwilling to acquiesce in the US suggestions, we would favor putting heavy pressure on UNTCOK to request urgent advice from the IC. We feel we would be in a strong position to urge on the British Commonwealth nations that if they are unwilling to take a stand themselves now they must at least in fairness to us give us an opportunity to take the case to the full membership of the UN.

10. With regard to announced Soviet plans for election of government in Northern Korea, we suggest strong statement regarding Russian non-compliance with GA resolution should be issued from Washington not from Seoul. Such a statement should be framed as a basis for US position in GA.

11. In connection with foregoing suggested program we believe there would be no serious objection by other governments to IC consideration of Korean question if initiative came from UNTCOK in form of request for further consultation with IC regarding proposals of US occupying authorities as suggested above. If such a move seems desirable, preparatory diplomatic work with governments represented on UNTCOK would clearly be necessary. On other hand it is doubtful whether two-thirds majority could be mustered in IC to take up Korean question under paragraph 2(B) of GA resolution 111 of 13 November 1947. General temper of IC is one desiring rapid conclusion of business and winding up of IC to allow delegates to go home before GA. We suggest that first step might be consultation by USUN with Chinese representatives at UN. If Chinese reaction to suggested UNTCOK request were favorable they might be induced to take initiative with other members of UNTCOK.

12. In conclusion, USUN feels strongly that any formal US step involving recognition of Korean national government as such without prior UN support would seriously compromise US case in GA, having in mind views of those states which desire to delay US departure from Korea and views of various other delegations who do not wish to be involved in midst of US-USSR controversies.

JESSUP

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<sup>4</sup> Neither printed.



501.BB Korea/7-1448 : Telegram

*The Secretary of State to the Embassy in the Soviet Union*

SECRET      PRIORITY

WASHINGTON, July 21, 1948—11 a. m.

828. Dept appreciates urtel 1319 July 14, text of which has been rptd to US Missions in London and capitals of eight countries represented on UN Temporary Commission on Korea to supplement Depcirtel July 10, 1 p. m. [*a. m.*] setting forth Dept's views re recognition forthcoming Korean Govt. Substance of latter tel has been sent Moscow in Dept's info circular airgram of July 13, 8:05 a. m.<sup>1</sup>

In view of continued reluctance of Australian, Brit, Canadian and Indian Govts to agree to recognition of new Korean Govt, and inasmuch as important element in their reluctance appears to be fear that such recognition would cause Soviets to take similar action in North Korea, suggest desirability of your approaching reps of those Govts in Moscow with view to having them point out to their Govts considerations set forth urtel. Although French Govt has tended to take more realistic view, it is believed similar approach to French rep would also be helpful.

Sent Moscow as 828. Rptd Seoul as 249 for info.

MARSHALL

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<sup>1</sup> Latter not printed.

895.6463/7-2148 : Telegram

*The Ambassador in the Soviet Union (Smith) to the Secretary of State*

RESTRICTED

Moscow, July 21, 1948—4 p. m.

1384. Following translation substance note received today from FonOff dated July 20, signed Vyshinski: <sup>1</sup>

Re your letter of June 26 to FonMin USSR V. M. Molotov about question of supply to South Korea of electric power I draw your attention to exchange of correspondence on this question between Soviet commander North Korea and American commander South Korea.

Soviet commander in letter on March 16, 1948 asserted that agreement June 17, 1947 on form and dates payment of electric energy supplied South Korea during period from August 16, 1945 to May 31, 1947 was not fulfilled by American command. On March 15, 1948 there was applied on account in payment for specified electric energy by American command a sum in goods amounting to only 15.6 percent of the cost of this electric power. As regards electric power furnished

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<sup>1</sup> Andrey Yanuaryevich Vyshinsky, Deputy (Assistant) Minister for Foreign Affairs of the Soviet Union.

South Korea after May 31, 1947 the American command displayed no desire whatsoever comply with corresponding agreement re settlement for this electric power.

Concerning this Soviet commander notified American commander that Soviet military command North Korea cannot perform function as mediator between American command and People's Committee North Korea in matter of delivery electric power to South Korea. Since electric power stations, as all nationalized industries North Korea, are under direction People's Committee North Korea, Soviet commander stated that further negotiations re electric power should be conducted directly with People's Committee.

In letter July 13 Soviet commander pointed out that suspension of supply electric power to South Korea was carried out solely because American command had not fulfilled agreement with regard settlement for electric power. During several months previous to suspension of power supply, People's Committee North Korea repeatedly warned American command of necessity liquidate its debt for electric power and fulfill agreement with regard electric power in future. People's Committee also warned that if contrary occurred, it would find it necessary cut off supply of electric power to South Korea.

In answer to statement of American commander contained his letter April 27 to effect he did not recognize authority of People's Committee, Soviet commander pointed out that such a statement could not be recognized as in any sense convincing explanation of failure to pay stated sum for use of electric power.

In letter June 26 which contained answer to letter of American commander of June 12, Soviet commander informed American commander to effect that according information from People's Committee North Korea, latter was prepared immediately to resume supply electric power to South Korea as soon as American command paid debt for electric power received by it in period August 16, 1945 to June 1, 1947. As pointed out in this letter, People's Committee, taking note of statement of American commander that previously designated goods for payment of electric power were in warehouses in Seoul awaiting shipment to North Korea, agreed send to Seoul its representatives to receive specified goods. Re proposal of American commander for negotiations on question electric power Soviet commander pointed out that suggestion for opening such negotiations had been given American command by People's Committee North Korea as early as March of this year.

Therefore, regulation question of electric power depends completely upon American command South Korea.

Sent Department as 1384; Department pass Seoul 15.<sup>2</sup>

SMITH

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<sup>2</sup> This was done the same day at 2 p. m.

895.659/7-2248 : Telegram

*The Economic Adviser in Korea (Bunce) to the Secretary of State*

CONFIDENTIAL

PRIORITY

SEOUL, July 22, 1948.

[Received July 28—3:28 a. m.]

588. Cite Zpol 1121. Part 1. In view of prospective shortage of fertilizer to meet South Korea's requirements (reference WARX 85218, July 3; CX62041, July 2; WARX 85536, July 10) renewed efforts are being made to procure North Korea-produced fertilizer. In addition to efforts to procure fertilizer from North Korea through private trade channels (reference radio ZMGNEB 1430, July 14) General Hodge despatched letter to Soviet Commander in North Korea on July 22 proposing purchase of up to 100,000 metric tons of ammonium sulphate from North Korea for use in South Korea. This letter, dated July 21, has not yet been released to press.<sup>1</sup> Only result expected from this letter is favorable propaganda.

Part 2. Text of letter from Hodge to Merkulov follows:

"Prior to allied occupation of Korea most of the chemical fertilizer produced in the large chemical plants in North Korea was utilized by the farmers of all of Korea.

"Despite the efforts of the American Government to unite Korea and to prevent the 38 parallel from becoming a barrier cutting off the normal flow of goods between North and South Korea, the farmers of South Korea have been deprived of their normal supply of chemical fertilizer from North Korea since August 1945.

"Because the resulting shortage of fertilizer in South Korea worked serious hardship upon the Korean people, the American Government has purchased on world markets and brought into South Korea over 500,000 metric tons of chemical fertilizers.

"It has recently come to my attention that fertilizer produced in North Korea is being sold to foreign nations for use outside Korea. It is my belief that as long as there is a shortage of fertilizer in Korea, all fertilizer produced in Korea should be made available for use by Korean farmers on Korean farms. For this reason, I once again urge that the Soviet occupation authorities, or Koreans designated as their agents, negotiate for the sale or barter of fertilizer produced in North Korea for use by the farmers of South Korea.

"As a concrete step toward reaching an agreement, I propose the immediate negotiation of an initial contract for the purchase for use in South Korea of up to 100,000 metric tons of Korean-produced ammonium sulphate, to be paid for in American dollars, with funds to be supplied by the American Government. I propose that a conference

<sup>1</sup> Telegram 645, August 10, from Seoul, reported General Merkulov's reply of August 9, advising General Hodge to "turn to the North Korea People's Committee" for any contract. The exchange was not being released to the press at that time. (895.659/8-1048)



be held in Seoul or Pyongyang at the earliest possible date to conclude such a fertilizer-sales contract."

[BUNCE]

895.01/7-2348

*Memorandum of Telephone Conversation, by the Chief of the Division of Chinese Affairs (Sprouse)*

RESTRICTED

[WASHINGTON,] July 23, 1948.

Mr. Tsui<sup>1</sup> telephoned this afternoon and informed me that the Chinese Embassy had received a telegram from the Foreign Office stating that the American Embassy had been in touch with the Foreign Office in regard to the question of recognition of South Korea. Mr. Tsui stated that the Chinese Government is prepared to extend recognition and that the Foreign Office has suggested that the signatories to the Moscow Declaration, China, the United States and Great Britain, take simultaneous action to recognize South Korea. Mr. Tsui concluded that it was hoped that the United States Government would be able to comply with this suggestion.

<sup>1</sup> Tsui Tswen-ling, Chinese Counselor of Embassy.

501.BB Korea/7-2448 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SECRET US URGENT

SEOUL, July 24, 1948.

594. Cite Zpol 1134. Reference Deptel 250, July 21,<sup>1</sup> my comments on USUN proposals correlated with information contained in Deptels 251,<sup>2</sup> 252,<sup>3</sup> 253<sup>4</sup> and 254<sup>5</sup> July 21, are as follows:

1. While suggestions of USUN have merit and might possibly have been tried if made several weeks ago, they are now too late. Weakest point in these suggestions is that they fail to take into account disastrous position in which we should find ourselves if, as seems inevitable, they did not produce desired results. Present is no time for vacillation or any other sign of weakness. Rhee and his "government" will be ready for business next week, they will notify UNTCOK and Commanding General of its formation, and they expect start receiving

<sup>1</sup> See footnote 1, p. 1249.

<sup>2</sup> See footnote 1, p. 1247.

<sup>3</sup> See footnote 1, p. 1246.

<sup>4</sup> See footnote 1, p. 1243.

<sup>5</sup> See footnote 1, p. 1242.

substance of power on August 15th. After several false starts during past 3 years they and South Korean people are so enthusiastic over prospects on early attainment of long frustrated desire to have their own government that any attempt postpone realization of that desire at this late hour would be disastrous. Moreover news from North Korea reveals that people there are restive under rule of Soviet stooges and happy over results in South Korea. Rhee has received smuggled letter from Cho Man Sic under house arrest in Pyongyang congratulating Rhee and urging him to carry on without regard to developments in North Korea. Even Kim Koo and Kimm Kiusic are somewhat repentant since constitution was proclaimed in North Korea and election ordered there. (Seoul PolAd's 585, July 22 <sup>6</sup>.)

2. Accordingly, we must go on with policy and plans we have had in contemplation for so many months. I feel we can do so in manner that should not be or become offensive to those powers whose support we are seeking at UN, at least if I understand Department's plans right. We may not be able persuade British Government take parallel action but that would not be fatal blow. We can accomplish our purposes by exchanging tabs "a" and "b" sometime next week and shortly before August 15,<sup>7</sup> or even at time aforementioned tabs are exchanged, issue statement referred to in paragraph 6 of Depcirtel June [July] 10, 1 a.m., modified somewhat as follows (following is only intended as summary longer statement which would recite how we arrived at present situation) :

"The Government of the United States regards the new government recently formed in Korea as result of an election held on May 10th, 1948, under the observation of the UNTCOK, as representative of the express wishes of the 20,000,000 Koreans in South Korea, who constitute two-thirds of all the Korean race. Accordingly, pending consideration by the General Assembly, under the provisions of whose resolutions this government was formed, of such problems as remain unsolved as a result of the inability, due to the boycott attitude of the USSR, of the UNTCOK to carry out its functions in North Korea, the President of the United States is sending a special representative, Mr. John J. Muccio, with ambassadorial rank, to Korea to negotiate, in consultation with the aforementioned commission, concerning the transfer to the new government of governmental functions now performed by the US Military Government in Korea and concerning the implementation of further provisions of the resolutions of the General Assembly of November 14th, 1947 and of the resolution of the interim committee of February 27th, 1948."

3. It seems to me that the aforementioned qualified recognition of the authority of new government should satisfy objections of British

<sup>6</sup> Not printed.

<sup>7</sup> For "tab 'A' ", see text quoted in telegram 635, August 9, p. 1268. For "tab 'B' ", see text quoted in telegram 644, August 10, p. 1271.

Government (London's 3188, July 15, 6 p. m. to Department <sup>8</sup>), especially if we stress fact that we are doing no more than USSR has already done in North Korea (i.e., transferred governmental functions to local authorities. See this connection Moscow's 1319, July 14). This should also satisfy India—see Deptel 252, July 21. China and Syria would be on our side—prepared to agree even if we accorded greater degree of recognition. (Deptels 253 and 254, July 21.) While I am not certain of attitude of France, I believe France would approve our action and I am certain that Philippines and Salvador will approve. Therefore of 9 powers most directly concerned there remain only Australia and Canada and I have feeling that even Canada might go along. As regards Australia, I am afraid it will remain recalcitrant to the end. If foregoing represents true picture of attitudes of nine governments most concerned (other of course than Russia), I believe we can expect favorable two-thirds majority in General Assembly on Korea question.

4. Only part of our planning which will need to be changed if suggestion in paragraph two above is adopted is that date contemplated for initiation of troop withdrawal will have to be postponed some date after final decision of General Assembly becomes known. This would probably be sometime in October or early November, unless we can have Korea placed on agenda for early hearing.

5. I believe that Rhee and his government can be persuaded go along with policy and plan outlined in two above especially if whole matter is made clear to him. See Rhee on recognition eighth paragraph his inaugural address transmitted PolAd's 593, July 24th.<sup>8</sup> Possible in circumstances outlined herein he may wish go to Paris to head his delegation and there assist in pleading Korea's cause in person.

6. In submitting these comments, I wish to add that I am not unmindful of dangers inherent in proceeding with policy as we have planned but there is, in my opinion, far less danger in pursuing that course at this juncture than trying something else.

7. In view rapidity with which developments are crystallizing here, Department's instructions soonest are becoming imperative. In this connection we suggest that General Hodge and I be directed confer immediately with Rhee and UNTCOK in order give them gist of our plans and solicit their cooperation.<sup>9</sup>

8. General Hodge concurs in views stated herein and adds that in his opinion any material back-tracking in our policy decisions will render our position here untenable.

JACOBS

<sup>8</sup> Not printed.

<sup>9</sup> Marginal notation by Mr. Bond: "Aug 6—Mr. Jacobs told by phone to go ahead."



501.BB Korea/7-2548 : Telegram

*The Secretary of State to the Political Adviser in Korea (Jacobs)*

SECRET      US URGENT

WASHINGTON, July 25, 1948—3 p. m.

262. Before seeking final intra-governmental clearance, urgently request your concurrence in or comments on following proposed text statement to be issued by US Govt following formation new Korean Govt (paras numbered for convenient reference) :

“1. In Joint Declaration issued at Cairo Dec 1, 1943 the three subscribing Powers—US, China and Great Brit—expressed their determination ‘that in due course Korea shall become free and independent’. This determination was reaffirmed in Potsdam Declaration Jul 26, 1945 with which Soviet Union associated itself upon its declaration of war against Japan on Aug 8 of that year. On Dec 27, 1945 in Moscow FonMins of Soviet Union, US and Great Brit concluded an agreement, later adhered to by Govt China, designed to re-establish Korea as an independent State.

2. Although annexation of Korea by Japan was effectively terminated with occupation of that country by armed forces of Soviet Union and US in Aug and Sep 1945, freedom and independence of Korea so solemnly pledged by Four Powers has proven slow of realization. After nearly two years of painstaking but unavailing effort to give effect to those pledges through negotiations with other occupying Power, US Govt on Sep 17, 1947 laid problem of Korean independence before GA of UN. The will of an overwhelming majority of that body was expressed in two Resolutions adopted by it on Nov 14, 1947 purpose of which was to make it possible for Korean people to attain their long-sought freedom and independence through holding of free and democratic elections and establishment, on basis thereof, of a sovereign Natl Govt.

3. In pursuance of those Resolutions, elections were held in Korea on May 10 of this year, under obs of UNTCOK, for purpose of electing reps to a Natl Assembly which might in turn form a Natl Govt. The Natl Assembly so elected convened May 31 and has proceeded to form a Govt—a Govt in which it is hoped that people of north Korea, who were prevented from participating in May 10 elections by refusal of Soviet Union to permit implementation of GA Resolutions in its zone of occupation, will be free in due course to assume their rightful role. Notification of formation of new Govt was communicated by Natl Assembly to UNTCOK on (*Blank Date*).

4. US Govt believes that Korean Govt so established is to be regarded as Govt of Korea envisaged by GA Resolutions of Nov 14, 1947. Pending consideration by GA at its forthcoming Third Session of report of UNTCOK, US, pursuant to its responsibility as occupying Power, is sending to Seoul a Special Rep who will be authorized to carry on negotiations with that Govt, in consultation with UNTCOK, concerning implementation of further provisions of GA Resolutions of Nov 14, 1947 including that relating to the withdrawal of occupation forces from Korea.”

Language of foregoing statement reflects effort on part Dept to meet objections of certain other interested govts to phraseology suggested para 6 Depcirtel Jul 10, 1 pm. [a. m.] Exact wording of that part of para 4 above relating to designation of special rep will depend upon final decision as to timing of his arrival, concerning which Dept's views are being outlined in separate telegram.

Your recommendations would be appreciated as to optimum timing of release foregoing statement, text of which Dept desires to communicate in advance to interested govts and to UNTCOK.

MARSHALL

895.01/7-2548 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

CONFIDENTIAL URGENT

SEOUL, July 25, 1948.

595. Cite Zpol 1142. In discussing use of word "national" for new government about to be formed here, question arose as to just what Korean text of constitution (official document) does provide. I have therefore had careful check made (my own knowledge of Chinese characters confirms result) and find that while word "national" is used for Assembly (*Kook Hoi*), it is not used with respect to government to be formed under constitution adopted and proclaimed by National Assembly. Constitution describes Korea as "the Republic of Korea" (*Ta Han Min Kuo*) and never refers to government of that Republic as "national". Also only once is word "democratic" used in connection with Republic to be formed in Article I which provides that "the Republic of Korea shall be a democratic republic". (*Dai Han Min Kook Min Ju Kong Wha Kook.*) Hence it seems necessary change references to new government as used in several documents as follows:

1. Tab "A", last revised text submitted by CINCFE and approved WARX 62174, July 8: Six references to "national Korean Government" (including one reference in title) should be changed to read "Government of the Republic of Korea".

2. Tab "B", last revised along with tab "A" as indicated above: Four references to "National Korean Government" (including one reference in title) should be changed to read "Government of the Republic of Korea".

3. Words "new government recently formed in Korea" used in first sentence of quoted draft of statement found in paragraph 2 of Seoul PolAd 594, July 24, should be changed to read "Government of the Republic of Korea".

4. Following changes should be made in text of constitution transmitted with PolAd's despatch 217, July 16:<sup>1</sup>

In title strike out word "democratic".

<sup>1</sup> Not printed.



Article I should read "the Republic of Korea shall be a democratic republic".

Article III [IV?]: Add words "the Republic of" before word "Korea".

Articles V and VI and note bottom page one: Strike out word "democratic".

Article 84: Strike out word "Korean" and add words "of Korea" after word "Republic".

5. This deletion of all references to "national" in spaeing [*speaking?*] of the new government may remove objection on part of some UN members to new government. However, note that Assembly still remains "national" and that territory of the Republic as described in Article IV "consists of the Korean peninsula" which includes North Korea.

6. Corresponding changes will also need to be made in the remaining tabs of the Korean White Paper.<sup>2</sup>

JACOBS

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<sup>2</sup> Department of State publication 3305, *Korea, 1945 to 1948* (Washington, Government Printing Office, 1948); for press release on this, October 15, see Department of State *Bulletin*, October 24, 1948, p. 529.

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501.BB Korea/7-2548: Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

CONFIDENTIAL      PRIORITY

SEOUL, July 25, 1948.

596. Cite Zpol 1143. UNTCOK finally approved text of Chapter VI of its report on July 22 (Seoul PolAd dispatch 196, July 1<sup>1</sup>) and copies are being forwarded by air mail.<sup>2</sup> Conclusions, however, which may be of timely interest to Dept are quoted below.

"58. The Commission having taken into account the facts noted above is of the opinion:

A. That there existed in South Korea during the period of preparation for the elections and on election day itself, a reasonable degree of free atmosphere wherein democratic rights of freedom of speech, press and assembly were recognized and respected;

B. That the US Army Forces in Korea and the South Korean interim govt complied with the recommendations of the Commission on electoral procedures and that the conduct of the elections conformed generally to the electoral laws and regulations;

C. That the elections were regarded as a step in the re-establishment of the independence of Korea and as such were the only substantial issue placed before the electorate, resulting in the large percentage both of registration and balloting; that the candidates who stood for election were in favour of this method of erecting the unity and in-

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<sup>1</sup> Not printed.

<sup>2</sup> Despatch 227, July 26, not printed.



dependence of Korea and therefore did not place any fundamentally conflicting issues before the electorate; and that opposition to the issues involved in the elections took the form of a boycott of the elections themselves;

D. That, having taken into account the reports of its observation groups, the conclusions noted above, and bearing in mind the traditional and historical background of the people of Korea, the results of the ballot of 10 May 1948 are a valid expression of the free will of the electorate in those parts of Korea which are accessible to the Commission and in which the inhabitants constitute approximately two-thirds of the people of all Korea."

JACOBS

501.BB Korea/7-2648: Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SECRET URGENT

SEOUL, July 26, 1948.

597. Cite Zpol 1145. Following are comments requested Deptel 262, July 25:

Concur in paragraph 1.

Add following sentence as last sentence of paragraph 2: "The two aforementioned resolutions of the General Assembly were supported by a resolution of the Interim Committee adopted February 27, 1948." (Note: We feel that reference should be made somewhere in Department's statement to Interim Committee's Resolution.)

Words at end of paragraph 3 reading "was communicated by National Assembly to UNTCOK" should read "was communicated by the President of the Republic of Korea to UNTCOK." (Note: Explanation for use of "Republic of Korea" will be found in PolAd's 595, July 26.)

We suggest deletion of words at end of paragraph 4 reading "including that relating to the withdrawal of occupation forces from Korea" and addition in lieu thereof after words "concerning implementation of further provisions" of the words "contained in paragraph 4" so that last clause will read "concerning implementation of further provisions contained in paragraph 4 of General Assembly's Resolution Two of November 14, 1947." (Note: We consider it undesirable to single out troop withdrawal as only "further provision" to be mentioned in statement of US Government. Either all three "further["] provisions contained in paragraph 4 of General Assembly's Resolution Two should be specifically mentioned or device suggested above be employed. We prefer latter in order avoid mentioning any provisions specifically.)

Also we feel that statement should contain name of President's representative with his rank which we understand will be that of Am-

bassador. However, we can see some merit in leaving this information out of statement as communicated in advance to interested governments as that is detail which might distract their attention from major points included in statement.

As regards optimum time for release, we are of opinion that it should come after we have persuaded Rhee to transmit to us note at Tab "A" and we have actually received that note. We suggest that it be released on day we communicate to Rhee our note at Tab "B", or a day or two thereafter.

If Department approves this plan, we anticipate that timing of issuance of statement will be between August 5 and 10.

We interpret last paragraph of Deptel 262 to convey the idea that Department will expect us communicate, or at least read informally, text of proposed statement in advance to members of UNTCOK here. We believe that such action might be helpful especially if home governments of delegates should communicate with them concerning that statement.

JACOBS

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501.BB Korea/7-2648 : Telegram

*The United States Acting Representative at the United Nations  
(Jessup) to the Secretary of State*

SECRET      PRIORITY

NEW YORK, July 26, 1948—8:02 p. m.

956. For Bond from Jessup: Referring to consultations here Friday,<sup>1</sup> the following is suggested draft letter to the chairman of UNTCOK from General Hodge which you requested:

"I have been advised by the President of Korea that the National Assembly has formed a government of the Republic of Korea and has given formal notification thereof to UNTCOK. I have been requested in this connection to enter into negotiations with the newly-formed government concerning the implementation of the steps set forth in points (a), (b), and (c) of paragraph 4 of resolution II of the GA of the UN, dated November 14, 1947.

You will recognize that the US Government as the responsible occupying power concerned has special responsibilities in connection with the implementation of the steps referred to in the above mentioned paragraphs of the GA resolution. The constitution of a national security force for Korea in accordance with paragraph 4(a) necessarily depends upon the cooperation of the US forces. Similarly, the transfer of the remaining functions of government from the US as occupying power to the newly-formed government, as contemplated in paragraph 4(b) of the GA resolution, is a matter which will necessarily involve arrangements between the US and the Koreans. Since, in accordance

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<sup>1</sup> July 23.



with the policies of the US, the process of gradually placing in the hands of the Koreans the powers of self-government is already well advanced, action under this paragraph will be largely formal. Finally, the implementation of paragraph 4(c) of the GA resolution, concerning arrangements for the complete withdrawal from Korea of the armed forces of the occupying powers as early as practicable, will entail detailed arrangements between the US and the [new] Korean [government].

The US Government is fully cognizant of the important role assigned by the GA to UNTCOK in the various steps to be taken in the course of bringing about the establishment of an independent Korea. The UNTCOK has already successfully carried out many of its duties, and the GA, at its forthcoming session, will no doubt take cognizance of its report on the accomplishment of its tasks to date. The US has been gratified to be able to cooperate with the UNTCOK in its work up to this time and desires to continue to cooperate with it wholeheartedly in the further steps contemplated by the GA's resolution of November 14, 1947. For its part, the US Government is fully prepared to carry out in letter and in spirit the recommendations of the GA set forth in paragraph 4 of the resolution of November 14, 1947. The US, as the responsible occupying power, is ready to enter into negotiations with the newly-formed government, in consultation with UNTCOK, with a view to the early implementation of these recommendations, [and] I have so informed the President of [Korea]. I am prepared to commence consultations immediately and would very much appreciate being informed of the Commission's pleasure in regard thereto."

As to Jacobs' comments on our proposals, it appears that he did not fully understand what we had in mind since his conclusions seem to be in general agreement with the conclusions we had reached and which were confirmed in our consultation with you last Friday. I refer particularly to the questions of recognition and troop withdrawal.

JESSUP

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740.00119 Control (Korea)/7-2748: Telegram

*The Secretary of State to the Political Adviser in Korea (Jacobs)*

SECRET

PRIORITY

WASHINGTON, July 27, 1948—7 p. m.

266. Following are Dept's views concerning timing of arrival of new Chief of Mission (urtel 557, July 15<sup>1</sup>):

1. Assuming formal inauguration of Govt will take place Aug 15, it is believed presence of new Chief of Mission in Seoul on that date would raise questions of precedence which would be likely to cause general embarrassment.

2. It would appear preferable to Dept that senior US rep on that occasion be Gen Hodge and that his replacement as such by new Chief

<sup>1</sup> Not printed.



of Mission take place only after Aug 15 ceremonies, which would seem to provide fitting juncture for Gen Hodge to consider his mission accomplished.

3. In order further to avoid possible embarrassment to Gen Hodge and confusion in minds of Koreans, it would appear advisable that interval between arrival of new Chief of Mission and replacement of Gen Hodge as ComGen be as brief as possible.

4. Presence of new Chief of Mission in Seoul at time of exchange of notes at tabs A and B between Rhee and ComGen would be apt to create additional confusion as to who is senior US rep.

5. Arrival of new Chief of Mission cannot very well take place before issuance by US Govt of statement outlined in Deptel 262 July 25, timing of which has not yet been determined.

6. On basis of foregoing considerations and subject to any further recommendations which you may have on subject, Dept believes new Chief of Mission should arrive Seoul shortly after Aug 15.<sup>2</sup>

MARSHALL

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<sup>2</sup> In telegram 606, July 30, from Seoul, Mr. Jacobs stated he had no further recommendations to make and he and General Hodge concurred in the proposal in paragraph 2 (740.00119 Control (Korea)/7-3048). Certain details were cleared up by telephone with Seoul on August 6.

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123 [John J. Muccio/7-2848]

*Memorandum by the Under Secretary of State (Lovett) to  
President Truman*

CONFIDENTIAL

WASHINGTON, July 28, 1948.

In anticipation of the creation of a Government of Korea and the establishment of an American Embassy at Seoul, I wrote you on April 27, 1948<sup>1</sup> and recommended that the Honorable John J. Muccio, of Rhode Island, a Foreign Service Officer of the Class of Career Minister, be appointed our first Ambassador to Korea. Your approval of this proposal was received April 28, 1948.

In the light of recent developments, it is deemed appropriate to defer the appointment of Mr. Muccio as Ambassador to Korea until a later date. In the meantime circumstances require that Mr. Muccio proceed to Korea with full authority to represent the interests of the United States, and, in particular, to negotiate a series of agreements with the new Korean Government, which is shortly to be formed. To carry out effectively this extremely important assignment it is recommended that Mr. Muccio be appointed special representative of the

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<sup>1</sup> See memorandum by the Secretary of State, p. 1183.

President of the United States to Korea, with the personal rank of Ambassador. A biographical sketch of Mr. Muccio is enclosed <sup>2</sup> for your information in considering this request.

If the above recommendation meets with your approval I would appreciate being so informed at your earliest convenience since it is desired that Mr. Muccio leave for his new assignment within two weeks.

It is requested that public announcement of this appointment be withheld until such time as the Department can further advise your office as to the release of this information, which may be possible early in August.

ROBERT A. LOVETT

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<sup>2</sup> Not printed.

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501.BB Korea/7-2848 : Telegram

*The Secretary of State to the Political Adviser in Korea (Jacobs)*<sup>1</sup>

SECRET

WASHINGTON, July 29, 1948—5 p. m.

267. Emb Paris reports French FonOff withholding comment on views on recognition new Korean Govt set forth Depcirtel July 10 1 p. m. [*a. m.*] pending receipt Paul-Boncour's recommendations, by which it is understood FonOff will be guided. Considerable importance may therefore be expected to attach to views which Paul-Boncour communicates to Paris in this regard.<sup>2</sup>

MARSHALL

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<sup>1</sup> Repeated as 2894 to Paris.

<sup>2</sup> Telegram 611, July 31, from Seoul (repeated by the Department in 2963, August 3, 6 p. m., to Paris), reported Paul-Boncour's recommendations as understood to be "(a) that he perceives no objections to *de facto* recognition of new government here provided appropriate formula satisfactory to most governments concerned can be devised; and (b) that unification of North and South Korea might be brought about through some sort of federation plan." (895.01/7-3148)

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895.24/7-3048

*Memorandum by the Assistant Secretary of State for Occupied Areas (Saltzman) to the Under Secretary of State (Lovett)*<sup>1</sup>

TOP SECRET

[WASHINGTON,] July 30, 1948.

Subject: Transfer of Arms to Korea.

I have attached a memorandum to the Foreign Liquidation Commissioner for your signature which relates to the transfer of certain

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<sup>1</sup> Marginal notation by the Secretary of State: "OK—GCM".

military supplies and equipment to the new Korean Government.<sup>2</sup> I think the memorandum is self-explanatory.

It is our present plan to negotiate an agreement with the new Korean Government, shortly after its formation, covering the transfer of this military equipment. According to our best estimates the Government will be formed on August 15, 1948. From this you can readily understand that we are working on an extremely tight time schedule.

The Army has been requested to supply the Department of State with a detailed list of the equipment to be transferred. The Policy Committee on Arms and Armaments has been requested by Mr. Butterworth, FE, to approve this transfer of arms to the new Korean Government. By the time this memorandum reaches you I trust that the Policy Committee on Arms and Armaments will have approved the transfer.

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<sup>2</sup> Memorandum by the Under Secretary of State to Maj. Gen. Clyde L. Hyssong, August 11, not printed.

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501.BB Korea/7-3048

*The Ambassador in El Salvador (Nufer) to the Secretary of State*

[Extract]

SECRET

SAN SALVADOR, July 30, 1948.

No. 324

[Received August 4.]

SIR: I have the honor to refer to the Department's secret circular telegram of July 10, 1948 and to report that the Salvadoran Foreign Minister<sup>1</sup> has now informed me by memorandum, that his Government is in substantial agreement with the Department's views with respect to the possible recognition of the Government now being organized as a result of the Korean elections.

Respectfully yours,

ALBERT F. NUFER

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<sup>1</sup> Dr. Ernesto A. Nuñez.

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501.BB Korea/8-648 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

RESTRICTED

URGENT

SEOUL, August 6, 1948.

628. Cite Zpol 8824. Quoted below is text of new government's notice of its formation to UNTCOK in letter dated August 6 from Rhee to UNTCOK chairman Singh, copy of which was transmitted same date by Rhee to General Hodge:

"I have the honor to inform you that on August 5, 1948, the Korean National Assembly, which was constituted as a result of elections held



on May 16 [10], 1948, under observation of the United Nations Temporary Commission on Korea, formed the Government of the Republic of Korea. This government has been formed in accordance with the Constitution of the Republic of Korea, adopted by the National Assembly on July 12, 1948, and proclaimed on July 17, 1948. A copy of this constitution was transmitted for your information on July 14, 1948.

Preliminary to the formation of this government, the National Assembly adopted the government organization law on July 16, 1948, a copy of which was transmitted to you for your information on July 21, 1948. The government, as organized, is in accordance with that law, which is based on the constitution.

In accordance with the constitution and the government organization law, on July 20, 1948, the undersigned, Syngman Rhee, was elected President, and Lee Shi Young was elected Vice President of the Republic of Korea, by votes of more than two-thirds of the members of the National Assembly.

Also, in accordance with the constitution of the Republic of Korea, Kim Pyung No was designated by the President as Chief Justice on August 5, 1948, and his appointment was approved by vote of the National Assembly on August 5, 1948.

Following the election of the President, Lee Bum Suk was appointed Prime Minister by the President, this appointment being concurred in by vote of the National Assembly August 2, 1948. Thereupon, the following gentlemen were appointed to the indicated posts. With the President and the Prime Minister, they form the Cabinet and hence the executive branch of the government: (Note: Here follow names of eleven Cabinet officers and their posts as transmitted Seoul PolAd's 624 and 625, August 4.<sup>1</sup>)

This notification of the formation of the Government of the Republic of Korea is being transmitted to the United Nations Temporary Commission on Korea in accordance with paragraph three, resolution II, of the United Nations General Assembly resolution on Korea of November 14, 1947.

In furtherance of the United Nations General Assembly resolutions on Korea, I have the honor to request on behalf of the Government of the Republic of Korea, consultations with the United Nations Temporary Commission on Korea, particularly with reference to paragraph four of resolution II, adopted November 14, 1947.

Accept, Sir, the assurance of my highest consideration."

The transmitting letter to General Hodge reads as follows:

"I take pleasure in informing you that on this date I have informed the chairman of the United Nations Temporary Commission on Korea of the formation of the Government of the Republic of Korea, and I enclose a copy of this communication.

I expect to communicate with you soon regarding the transfer of governmental powers from the United States Military Government to the Korean Government.

Accept, Sir, renewed assurance of my regard".

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<sup>1</sup> Neither printed.

Am advised that chairman Singh of UNTCOK advised chairman of liaison committee who delivered Rhee's letter that he would place letter before UNTCOK tomorrow or Monday August 9.

Pass to IBD NY.

JACOBS

501.BB Korea/8-748: Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

RESTRICTED

SEOUL, August 7, 1948.

633. Cite Zpol 8873. For [From] Jacobs and Bunce: Reference Seoul's PolAd's 551, July 13<sup>1</sup> concerning North Korea power question, following is translation of letter dated July 26 received today by General Hodge from General Merkulov:

"I acknowledge the receipt of your letter of 12 July 1948. The Command of the Soviet forces in North Korea repeatedly informed you, that I can no longer act in the role of an intermediary in the account of electric energy, supplied to South Korea by the North Korean People's Committee, and I cannot competently appoint definite Korean representatives in capacity of fully authorized negotiators and receivers of commodities.

In my letter of 25 June I informed you, that the North Korean People's Committee has agreed to receive the commodities for the electric energy, and also carry on negotiations on the conditions of delivery of and payment for electric energy for a further period of time.

Thus, I see no reason to hold the Soviet Command responsible in its refusal to act as an intermediary in said negotiations, for the provision of electric energy to South Korea.

Thus, the regulation of said question and the renewance of the delivery of electric energy to South Korea wholly and fully depends on the American Command.

Once more I recommend that on all questions concerning the provision of electric energy to South Korea, to turn directly to the North Korean People's Committee".

Foregoing letter is not being released to press for time being.

JACOBS

<sup>1</sup> See footnote 1, p. 1238.

501.BB Korea/8-948: Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

PRIORITY

SEOUL, August 9, 1948.

635. Cite Zpol 1220. Following is text of note tab A as received from President Rhee about noon today:

"I have the honor to inform you that, in consequence of the deliberations and acts of the Korean National Assembly, which was constituted

as a result of the election held on May 10, 1948, under the observation of the United Nations Temporary Commission on Korea, there was formed as of August 5, 1948, the Government of the Republic of Korea. In accordance with paragraph 3, of Resolution II of the United Nations General Assembly Resolutions on Korea of November 14, 1947, the United Nations Temporary Commission on Korea was notified on August 6, 1948, of the formation of this government.

In furtherance of the United Nations General Assembly Resolutions on Korea, particularly paragraph 4 of Resolution II, I have the honor further inform you that the Government of the Republic of Korea, after consultation with the United Nations Temporary Commission on Korea, will be prepared to take over the functions of government. To that end, your cooperation and assistance are requested in transferring to the Government of the Republic of Korea all such functions now exercised by you as Commanding General United States Army Forces in Korea, including the direction of all police, coast guard and constabulary units now in being.

The Government of the Republic of Korea recognizes that it will be necessary for you to retain control over areas and facilities of vital importance to you (such as ports, camps, railways, lines of communications, airfields, etc.), as you deem necessary in order to accomplish the transfer of authority to the Government of the Republic of Korea and the withdrawal of United States Occupation Forces from Korea in accordance with the United Nations General Assembly Resolutions on Korea. During this period, the personnel of your command, both military and civilian, including their dependents, shall remain under your exclusive jurisdiction.

In the interest of providing a progressive and orderly transfer of full governmental responsibility and authority from the United States Army Forces in Korea to the Government of the Republic of Korea and to accomplish the purposes set forth above, I am prepared to name Mr. Lee Bum Suk, Mr. Yun Tchi Young and Mr. Taik Sang Chang<sup>1</sup> to consult with representatives of your command.

Accept, sir, the assurances of my highest considerations."

JACOBS

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<sup>1</sup> Yun Chi Yung and Chang Taik Sang were Korean Ministers for Home Affairs and for Foreign Affairs, respectively.

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501.BB Korea/8-1048: Circular telegram

*The Secretary of State to Certain Diplomatic Officers*<sup>1</sup>

CONFIDENTIAL      PRIORITY      WASHINGTON, August 10, 1948—7 a. m.

Ref Depcirtel July 10, 1 a. m., please advise FonOff that Dept plans release fol statement concerning new Korean Govt at 1800 hours Aug 12 (Washington time):

[For text of statement, see Department of State *Bulletin*, August 22, 1948, page 242.]

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<sup>1</sup> At Damascus, Manila, Ottawa, Paris, and San Salvador.



You may point out to FonOff that foregoing language reflects effort on part of US Govt to meet objections of certain UNTCOK govts to phraseology suggested para 6 of ref tel. You may state further that Dept feels that beneficial effects of this statement on Korean situation would be enhanced by issuance of analogous statements by other interested govts.

This statement being communicated in advance to Chairman UNTCOK as well as to interested govts.<sup>2</sup>

MARSHALL

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<sup>2</sup> As 283, August 10, 6 p. m., to Seoul; 1154 to Nanking; 182, 7 p. m., to Canberra; 3166 to London, and 491 to New Delhi. Telegram 653, August 12, from Seoul, reported General Hodge's letter to UNTCOK transmitting the statement, to be released at Seoul on August 13, 9 a. m. (local time). Letters of thanks from President Rhee to President Truman and from Prime Minister Lee and Foreign Minister Chang to the Secretary of State were quoted in telegrams 659 and 660, August 13, from Seoul, neither printed (895.01/8-1348), while replies were quoted in telegram 3, August 26, 6 p. m., not printed. See Department of State *Bulletin*, September 5, 1948, p. 300.

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501.BB Korea/8-1048: Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

RESTRICTED

SEOUL, August 10, 1948.

642. Cite Zpol 8970. President Rhee this date August 10 sent under quoted letter to chairman UNTCOK appointing liaison group between new government and that Commission. Three persons named have hitherto been members of five-man liaison group of National Assembly.

"I have the honor to inform you that the following gentlemen, members of the Korean National Assembly, have been designated to represent the Government of the Republic of Korea in maintaining liaison between that government and the UNTCOK: Chang Myun, Chang Ki Yung, Lee Han Koo.

The liaison representatives herein named are charged with conducting the consultations with the United Nations Temporary Commission on Korea, requested in my letter addressed to you on August 6, 1948. I am sure that the felicitous relations previously established by this liaison group with your Commission will continue.

Accept, Sir, assurances of my continued high regard."<sup>1</sup>

Pass IBD New York.

JACOBS

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<sup>1</sup> Telegram 666, August 14, from Seoul, reported UNTCOK's vote that day in favor of consultations: "Four for (China, France, Philippines, Salvador), two against (Australia and India), and one abstention (Canada). No indication that Australian, Canadian and Indian delegates will leave Seoul." (501.BB Korea/8-1448) Telegram 1565, August 19, from Manila, reported: "Philippines on August 18 extended *de facto* recognition to new Republic of Korea." (895.01/8-1948)

501.BB Korea/8-1048: Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

CONFIDENTIAL      PRIORITY

SEOUL, August 10, 1948.

644. Cite Zpol 1231. Reference PolAd's 635, August 9, there is quoted below text of General Hodge's reply (Tab "B") to President Rhee's letter of August 9 (Tab "4" ["A"]) which is being sent Rhee tomorrow morning August 11 under that date. General Hodge will send copy to chairman of UNTCOK but text note not being released to press.

"I have the honor to acknowledge Your Excellency's note of August 9, 1948 in which you informed me of the fact that, in accordance with the United Nations General Assembly Resolution II of November 14, 1947, the United Nations Temporary Commission on Korea was notified on August 6, 1948 of the formation of the Govt of the Republic of Korea, and in which you requested my cooperation and assistance in transferring to that govt the functions of govt now exercised by me as Commanding General of the United States Army Forces in Korea.

I am pleased to note that the Govt of the Republic of Korea recognizes that it will be necessary for me to retain control over areas and facilities of vital importance (such as ports, camps, railways, lines of communication, airfields, et cetera) as I deem necessary in order to accomplish the transfer of authority to the Govt of the Republic of Korea and the withdrawal of United States occupation forces from Korea in accordance with the United Nations General Assembly resolutions on Korea. Furthermore, I note that the Govt of the Republic of Korea recognizes my exclusive jurisdiction over the personnel of my command, both military and civilian, including their dependents.

I shall be pleased to cooperate with you in arranging a progressive and orderly transfer of governmental functions, including the assumption of responsibilities for the direction of all police, coast guard and constabulary units now in being, leading to the withdrawal of United States forces from Korea and the termination of the United States occupation. To this end, and for the purpose of facilitating arrangements for the withdrawal of the forces under my command, I have appointed Major General Charles G. Helmick and Mr. Everett F. Drumright<sup>1</sup> to consult with Your Excellency's representatives Mr. Lee Bum Suk, Mr. Yun Tchi Young and Mr. Thomas S. Chang.<sup>2</sup>

Accept, sir, the assurances of my highest consideration."

JACOBS

<sup>1</sup> Counselor who arrived at Seoul from Tokyo on July 20.

<sup>2</sup> Foreign Minister Chang Taik Sang. In telegram 664, August 14, from Seoul, the Department was informed of the appointment of Dr. Chough Pyung Ok as President Rhee's special representative to the United States, with personal rank of ambassador. (501.BB Korea/8-1448)

501.BB Korea/8-1248 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SECRET

SEOUL, August 12, 1948.

651. Cite 1242. I offer following comment for further consideration of decision to initiate withdrawal of US armed forces in Korea on September 15, and to issue press releases in regard thereto on August 15 and September 15, as is now planned if initial transfer of authority takes place as envisaged in WARX 86130, July 20.

Since whole chain of events now taking place in connection with our relationship with Korea is based on General Assembly resolution, we might lose all that we have gained if we initiate withdrawal, with publicity, on any date before General Assembly has considered Korean problem and reached some decision with regard thereto. In addition, it seems apparent that number of other matters will be decided, or at least discussed, at next session of General Assembly which will have important bearing on our future relationships with Soviet Union. I feel we should stand firm everywhere on Soviet perimeter, including Korea, until we know more clearly what actions will be taken in General Assembly and what will be outcome of our present negotiations with respect to Berlin and rest of Germany.

I am not averse to certain readjustment of American armed forces in Korea or withdrawal from Korea of such military supplies and stores as Army deems necessary and possibly some units as obviously, when new government takes over authority, there are certain functions now performed by military which will no longer be required. It is natural, therefore, that units in Korea can be regrouped for more efficient and expeditious withdrawal when time comes and more effectively deployed for action if that should become necessary. In fact, Army is already withdrawing certain stores and regrouping. What I am most apprehensive about is public announcement that we are initiating withdrawal on any given date before General Assembly has passed on Korea question.

Department may well wish therefore to take up this matter again with Department of Army.

JACOBS

895.01/8-1348 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, August 13, 1948.

1498. Following is text of statement by Foreign Minister released evening of August 12 concerning new Korean Government :



An independent Korean Government elected and formed under the auspices of the United Nations has come into being. It has been China's long-cherished desire to see the restoration of independence to Korea. Since the Cairo Conference in 1943, the liberation of Korea has become the common commitment of the principal allied powers. But, in spite of the defeat of Japan, the realizations of Korea's independence has been much delayed. The United Nations Temporary Commission on Korea, through patient and judicious efforts and in accordance with the resolutions of the General Assembly of the United Nations, has fulfilled its assignment in assisting the birth of a truly democratic Korean Government. After due consideration of all factors involved, the Chinese Government deems it both as her right and as her obligation to establish immediate relations with the Government of Korea. I am happy to announce that, pending discussion of the Commission's report by the General Assembly of the United Nations and in the spirit of the traditional friendship between the two peoples, the Chinese Government accords provisional recognition to the Government of Korea and appoints Dr. Liu Yu-wan as China's diplomatic representative near that Government with the rank of an Ambassador.

STUART

501.BB Korea/8-1348 : Telegram

*The Ambassador in the United Kingdom (Douglas) to the Secretary of State*<sup>1</sup>

CONFIDENTIAL

LONDON, August 13, 1948—2 p. m.

3671. Deptel 3166, August 10, 7 p.m.<sup>2</sup> Foreign Office states will issue no formal statement on recognition of new Korean Government but has instructed its news department to reply as follows to inquiries that may be received in regard to the attitude of HMG towards the statement on Korea issued last night in Washington :

"The view of HMG is that the US Government as an occupying power are fully justified in establishing special relations with the new administration which has come into being in south Korea as a result of the elections recently held there under UN observation. The question of the formal recognition of the new administration by HMG will arise after the GA of the UN at its next session have considered the report of the UNTCOK".

Foreign Office states above has received approval of Secretary Bevin and is as far as British Government can go in view previously expressed opinions.

DOUGLAS

<sup>1</sup> Repeated in telegram 294, August 18, 6 p. m., to Seoul.

<sup>2</sup> See footnote 2, p. 1270.

501.BB Korea/8-1648

*The Canadian Under Secretary of State for External Affairs  
(Pearson) to the American Counselor of Embassy (Harrington)*<sup>1</sup>

OTTAWA, August 13, 1948.

DEAR MR. HARRINGTON: I should like to refer to your letters of July 13 and 19 regarding the question of "recognition of the Korean Government" and to communicate to you the views of the Canadian Government on this subject.

2. The Canadian Government recognizes the strength of the desire of the people in South Korea, as represented by the recently elected Assembly, to proceed without delay with the formation of a government. It does not consider that the formation of such a government would be contrary to the intention of the United Nations General Assembly Resolutions of November 14, 1947, interpreted in the light of developments which have taken place since that date. It appreciates the reasons which have prompted the decision of the United States Government to enter into conversations with the leaders of the elected Korean representatives when requested by them to do so regarding the transfer of governmental functions to the new government being formed. While responsibility for determining the extent and timetable of this transfer of authority must rest with the United States Government and the Korean Government which will be assuming power at Seoul, it considers that the United Nations Temporary Commission on Korea should be available for consultation during this process in accordance with the provisions of the General Assembly Resolutions.

3. As regards recognition of the new Government, the Canadian Government proposes to apply the general principles of international law. It cannot see its way clear to granting recognition until it is satisfied that the new Government is possessed of full governmental powers.

4. The Canadian Government believes that it would be unwise for the new Government to claim to be "the National Government of Korea". Such a claim, in the opinion of the Canadian Government, would have no real basis in fact. The Assembly now meeting in Seoul has received a mandate only from the people of South Korea, and North Korea is under Soviet control. The new Government will acquire governmental powers only in South Korea as these are handed over to it by the United States Military Government. By claiming to be the rightful Government of North Korea the new Government

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<sup>1</sup> Copy transmitted to the Department in despatch 570, August 16, from Ottawa, not printed; received August 18. A copy was forwarded by the Department in its 36, September 7, to Seoul.

would probably make more difficult its relations with the Soviet occupation authorities in North Korea, or any provisional North Korean regime they may sponsor, in any negotiations over North-South communications and commerce (e.g. hydro-electric power supply) and possible future moves toward unification of the country. As they have done in Dairen, the Russians may argue that they are in legitimate occupation of North Korea until they sign a peace treaty with Japan. Without sacrificing the prestige it enjoys from United Nations approval, it would appear wiser for the Koreans to maintain a degree of flexibility in their claims regarding the representative character of the Government they are establishing. Their claims rest on moral rather than legal or factual grounds.

5. In making these observations concerning the situation in Korea, the Canadian Government does not wish to convey the impression that it is dissatisfied with the elections held in South Korea on May 10 or the steps now being taken toward the formation of a Government by the Assembly now sitting in Seoul. It considers it desirable that the Assembly and Government properly chosen in accordance with the terms of the Resolutions of the General Assembly of the United Nations, although presently limited to South Korea, should receive the approval of member governments of the United Nations which voted for the Resolutions of November 14, 1947. It is the hope of the Canadian Government that the steps so well taken in South Korea toward the formation of a representative government will in due course be taken similarly in North Korea so that eventually a united and independent Korean Government may be formed.

6. The Canadian Government would be glad to have in advance some indication of the views of the United States Government regarding the further disposition of the Korean question at the forthcoming session of the General Assembly of the United Nations.

Yours sincerely,

L. B. PEARSON

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*Editorial Note*

A press release was issued by General Hodge at 4:30 p. m., August 13, giving texts of telegrams exchanged between President Rhee and General of the Army MacArthur. The invitation to General and Mrs. MacArthur to attend the ceremonies inaugurating the new Korean Government on August 15 was accepted. (Telegram 662, August 13, from Seoul; 895.01/8-1348) Speeches made at the inauguration by General Hodge and by President Rhee were transmitted to the Department in telegrams 665, August 14, 669, August 15, and 677, August 17 from Seoul. (895.01/8-148, 8-1548, 8-1748)



501.BB Korea/8-1448: Telegram

*The Chargé in India (Donovan) to the Secretary of State*<sup>1</sup>

CONFIDENTIAL

NEW DELHI, August 14, 1948—11 a. m.

700. Contents Deptel 491, August 10<sup>2</sup> transmitted GOI noon yesterday.

K.P.S. Menon reiterated to Embassy's GOI opposition to view of USG that new Korean Government should be regarded as government of Korea envisaged by GA resolution November 19 [14]. He also said GOI objected that portion statement saying US is sending Seoul a representative authorized "carry on negotiations with that government in consultation with UNTCOK re implementation further provision set forth paragraph 4 second GA resolution November 14" since such action on part UNTCOK would mean tacit recognition new government as national Korean Government.

Menon added, however, he could appreciate US Government's desire to transfer some of its responsibilities to new government in order lessen burdens it bears as occupying power.

DONOVAN

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<sup>1</sup> Repeated in telegram 291, August 17, 5 p. m., to Seoul.

<sup>2</sup> See footnote 2, p. 1270.

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501.BB Korea/8-1748

*Memorandum by the Director of the Office of Far Eastern Affairs (Butterworth)*<sup>1</sup>

TOP SECRET

[WASHINGTON,] August 17, 1948.

The purpose of this memorandum is to raise the question of the timing of the withdrawal of US occupation forces from Korea, and to formulate the basis for a Departmental position on this subject.

For planning purposes, September 15 has been designated as the date on which the actual withdrawal of US forces from Korea is to begin. In the light of the fact that the US proposes to base its withdrawal from Korea on the provisions of the UN General Assembly Resolutions of November 14, 1947, in pursuance of which the new Korean Government has been brought into being, the immediate question is whether it is in our interest to commence the process of withdrawal before the General Assembly, which is scheduled to convene on September 21, has had an opportunity to consider the extent to

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<sup>1</sup> Addressed to the Secretary of State and the Under Secretary of State (Lovett); concurred in by the Deputy Director of the Office of European Affairs (Reber), the Director of United Nations Affairs (Rusk), Frank G. Wisner, Deputy to the Assistant Secretary of State for Occupied Areas (Saltzman), and the Counselor (Bollen).

which the new Government constitutes a fulfillment of the aims of those Resolutions.

In his telegram No. 651 of August 12 (copy attached <sup>2</sup>) Political Adviser Jacobs has recommended against the implementation of withdrawal plans prior to the convening of the General Assembly in the following words:

"Since whole chain of events now taking place in connection with our relationship with Korea is based on General Assembly resolution, we might lose all that we have gained if we initiate withdrawal, with publicity, on any date before General Assembly has considered Korean problem and reached some decision with regard thereto. In addition it seems apparent that number of other matters will be decided, or at least discussed, at next session of General Assembly which will have important bearing on our future relationships with Soviet Union. I feel we should stand firm everywhere on Soviet perimeter, including Korea, until we know more clearly what actions will be taken in General Assembly and what will be outcome of our present negotiations with respect to Berlin and rest of Germany."

In a separate telegram, No. Zgce 1266 of August 14 (copy attached <sup>3</sup>), General Hodge has expressed the following similar views on the same subject:

"I reiterate my recommendation that W-Day not be implemented or announced until events vis-à-vis the UNTCOK and UN General Assembly have moved to the point where withdrawal will not be met by such resistance as to jeopardize the success of our Korean operations and the early phases of stabilizing the new Korean Government. If not carefully handled as to timing, the saving of a few days on withdrawal may result in the three years of work and millions of investment in development of a substitute for Communism in Korea being literally thrown away."

While the Department of the Army can be expected, on the basis of the views previously expressed by it on this subject, to oppose any further postponement of withdrawal as a reversal of policy, such a postponement would not in fact be inconsistent with the policy approved by the President in National Security Council Paper No. 8 so long as it were determined that withdrawal as presently scheduled would be prejudicial in terms of our long-range objectives in Korea. In its discussions with the Department of the Army on the subject of withdrawal, the Department of State has consistently emphasized the importance of maintaining "sufficient flexibility . . . <sup>4</sup> in the preparation and execution of withdrawal plans to make possible changes in the implementation of such plans which UN action or other develop-

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<sup>2</sup> *Ante*, p. 1272.

<sup>3</sup> Not printed.

<sup>4</sup> Omission as indicated in the original.

ments may make advisable" (to quote from the Secretary's letter of June 23, 1948 to the Secretary of the Army). The Department of the Army has, moreover, accepted this point of view to the extent of stipulating that the original withdrawal date of August 15 was established "as a planning convenience and not as target date in the full sense of the term" (WARX 98020 of April 21), and of qualifying the establishment of the revised September 15 date by the statement that "flexibility in implementation of [withdrawal plan] must be maintained, however, providing for either acceleration or deceleration" (WARX 86130 of July 20).

In this connection, it is worth noting that the favorable press and editorial reaction which has been elicited by the statement issued by this Government on August 12 is, in general, premised upon the assumption that the policy evidenced by that statement is one of strength and not of weakness. Were this assumption to be called into question by the announcement of our intention to begin the withdrawal of troops in advance of and without apparent reference to the forthcoming meeting of the General Assembly, that support might reasonably be expected to turn to opposition.

*Recommendations:*

Accordingly, it is recommended:

1. That the position of the Department of State with respect to the withdrawal of US occupation forces from Korea be based on the following points:

(a) No public announcement of the intention of the US to withdraw its occupation forces from Korea should be made until after the General Assembly has completed consideration of the Korean problem at its forthcoming session.

(b) During the same period the actual withdrawal of US occupation forces from Korea should not be initiated except to the extent envisaged in the immediately following paragraph.

(c) Pending public announcement of the intention of the US to withdraw its occupation forces from Korea, and prior to the actual initiation of such withdrawal, the necessary steps may be taken, without publicity, to effect an appropriate reduction and regrouping of such forces with a view to creating a compact garrison susceptible of expeditious withdrawal at an appropriate future time.

2. If the foregoing recommendation is approved, it is further recommended that an appropriate approach be made to the Secretary of the Army,\* and if necessary to the President, with a view to obtaining the acceptance of the foregoing points for appropriate implementation.

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\*Note: Draft letter to Secretary Royall is attached. [Footnote in the original. Draft letter not attached to file copy, but see letter of August 23, p. 1286.]



The related question of the plan of action which this Government should follow with respect to the Korean problem in the forthcoming session of the General Assembly will be the subject of a separate memorandum.

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895.01/8-1748 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

RESTRICTED      PRIORITY

SEOUL, August 17, 1948.

680. Cite Zpol 9336. American-Korean negotiation groups now discussing initial financial and property agreement issued under quoted joint press release this morning:

"The first meeting of Korean and American representatives to negotiate the initial transfer of public funds and property from the South Korea Interim Government to the Government of the Republic of Korea, convened at 1400 hours, 16 August, in room 200, Civil Affairs Headquarters building.

The Korean delegation is headed by Prime Minister Lee Bum Suk and includes Foreign Minister Chang Taik Sang and Internal Affairs Minister Yun Chi Young. The American representatives are Major General Charles George Helmick, chief of the Civil Affairs Section, Twenty-Fourth Corps, and Mister Everett F. Drumright, Counselor, Office of the United States Political Adviser. Both delegations will be supplemented [by] advisers as the need arises.

General Helmick opened the first session by outlining suggested procedures to be followed and subjects to be discussed. The negotiations will be concerned with conditions under which the tools of government, principally public properties and moneys, will be handed over in an orderly fashion to the Government of the Republic of Korea. It was agreed by the negotiators that meetings will be held daily from 1000 hours until noon and from 1400 hours until 1600 hours until their work has been completed. Recognizing the right of the public to be informed as fully as possible, both principal negotiators agreed to issue joint press releases as often as practicable."<sup>1</sup>

JACOBS

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<sup>1</sup> For texts of agreement and supplement thereto between the United States and Korea respecting an initial financial and property settlement, signed at Seoul on September 11, in force September 20, see 62 Stat. 3422. Telegram 293, December 18, from Seoul, reported that transfers stipulated in the settlement had been completed. "All governmental functions and accounts now turned over to Government Republic Korea." (895.51/12-1848)

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895.01/8-1848 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

CONFIDENTIAL      PRIORITY

SEOUL, August 18, 1948.

681. Cite Zpol 1285. General Hodge and I met with UNTCOK delegates for about two hours morning August 17 and outlined to

them informally plans for transfer authority and training security force. We did not explain in detail but stated that transfer arrangements would be formalized in several agreements according subjects, such as financial, property and related matters in one agreement, arrangements for training security force in another, status of military forces pending withdrawal in third, and so on.

During course of conversation, various delegates asked questions concerning contemplated date of withdrawal of troops, how vested property would be handled and what functions, consultative and otherwise, UNTCOK might perform between now and time when General Assembly considers Korea problem.

Concerning withdrawal troops, we advised that there is in progress certain regrouping and phasing out of units which were no longer necessary as result of initial and early stages of transfer of authority. We added, however, that final and complete transfer of troops will probably depend upon results of General Assembly's decision in regard to Korea. We endeavored to make clear that withdrawal troops is necessary as early as practicable if Korean authorities are to stand on own feet.

Concerning vested property, Paul-Boncour seemed to be particularly interested. We advised that our control of this property would be turned over to Korean authorities. Paul-Boncour seemed to entertain idea that Korean authorities would not dispose of property until after signing of Japanese peace treaty. We stated that we did not think this was necessarily so since according our thinking former Japanese property in Korea should rebound to benefit of Korean people.

Concerning duties which UNTCOK might yet perform, we stated that commission, or at least part of it, with some secretariat, should remain here until General Assembly begins discussion Korea problem and possibly after Assembly has reached decision there might be need for United Nations group in Korea. We endeavored make delegation feel that its accomplishments to date have been helpful and we especially emphasized, what we said they themselves and others might often overlook, fact that their mere presence in Korea acts as restraining influence upon subversive activities of Russians and their North Korean stooges. We said that it was unlikely that Russians would allow serious snbversive activities as long as they knew there was United Nations commission in Korea to observe such activities. We also said that presence here of UNTCOK helped mold public opinion in United States and possibly in other important western democracies in favor of what was being done here to bring independence and economic stability to Korean people.

Our remarks on possible future usefulness of UNTCOK seemed to strike sour note among most delegates. After we left meeting we learned through our liaison officer General Weckerling that Binnerts had just received telegram from Lake Success saying that delegates and secretariat might return Lake Success about Sept. 2 to complete report there. It seems that Paul-Boncour and Patterson and possibly some alternate members agree that some part UNTCOK should remain here but all others desire either repair to Lake Success (or some other place) to complete report or to disband commission entirely since they wish return home.

General Hodge and I feel strongly that some part of commission should remain here until General Assembly begins its discussion of Korea problem and probably even after that date. If Dept agrees with this point of view, it might wish make some informal approach to SyG in effort hold portion at least of commission and secretariat in Seoul. Otherwise it seems that commission will break up insofar as its work in Korea is concerned about Sept. 2.

JACOBS

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501.BB Korea/8-1848 : Telegram

*The Chargé in Australia (Nielsen) to the Secretary of State*

CONFIDENTIAL

CANBERRA, August 18, 1948—5 p. m.

200. In note dated August 16 External Affairs comments as follows on statement concerning new Korean Government released by Department (reDeptel 182, August 10<sup>1</sup>):

“Department notes that it is proposed appoint Honorable J. J. Muccio with personal rank Ambassador to negotiate with new government set-up in Korea. Department regards this action of US as one for itself alone and not concerned with activities of UNTCOK as this commission was set up to deal only with a national government if it were possible for one to be elected.

Department is of opinion that in view circumstances that have arisen in Korea, sole remaining function UNTCOK is to report to GA shortly to meet Paris. Until such time any further action by Australian Government in relation to government of South Korea will be deferred.”

Just returned from meeting working committee SPC Sydney and have had no opportunity obtain expansion of above, but communication makes it clear Australia will not support US position.

NIELSEN

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<sup>1</sup> See footnote 2, p. 1270.



740.00119 Control (Korea)/8-1848: Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SECRET      PRIORITY

SEOUL, August 18, 1948.

684. Cite Zpol 1290.

1. On August 16 General Hodge discussed with President Rhee and [an] interim military agreement (Tab G) and left with him draft copy thereof.<sup>1</sup> During discussion Rhee gave no indication of any objection to draft. Next day (yesterday) we learned that some difficulty had developed. This morning Rhee sent for me and, piecing together information which he gave me with that from other sources, following developments have taken place and are being reported in event something appears in press.

2. After receiving draft of Tab G, Rhee conferred with his Cabinet and apparently Prime Minister Lee Bum Suk and Foreign Minister Chang Taik Sang, especially latter, took exception to certain provisions of draft, in particular that part of Article 2 which gives Commanding General, in progressive transfer of authority over the Korean security forces, responsibility for the direction of those forces including the police. These two Cabinet ministers are reported (Rhee did not confirm this) to have threatened to resign and publish their letters of resignation, if Rhee signed the agreement as drafted. They also told Rhee (which he confirmed) that if he signed opposition in Assembly might even go so far as to initiate impeachment proceedings against him.

3. As result Rhee became very much disturbed and instead of conferring with General Hodge or with me he conferred with Dick Johnston (*New York Times* correspondent) whom Rhee holds in high regard and even consults in advisory capacity. Apparently Johnston also discussed matter with Foreign Minister Chang Taik Sang. These facts in themselves are not harmful but apparently at least one other correspondent has learned about draft and danger is that contents may get into press along with revelation of fact that we and Korean authorities are in disagreement.

4. In my discussion with Rhee this morning, I made no effort conceal fact that I was very much alarmed that he would reveal to newspaper correspondent contents of document, obviously of secret nature, before differences arising therefrom had been discussed and effort made to resolve them. He admitted impropriety of his action and is very much upset. He has asked Johnston not to use information in professional way and I believe he will not do so.

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<sup>1</sup> For text of agreement signed August 24, see 62 Stat. (pt. 3) 3817.

5. As regards draft itself Rhee discussed with me his redraft. It is so completely different from draft we submitted that I told Rhee I was sure it would not be acceptable. It withdraws some of authority accorded commanding general in original draft note asking for transfer of authority (Tab A).<sup>2</sup> After discussion of matter with Rhee, I believe he will approve changes in his redraft which may make it acceptable to our military authorities. He said he would [have?] prepared new redraft this afternoon and send it to General Hodge as counter draft.

6. As both of us agreed that President cannot find time personally to compose differences between the drafts, Rhee will suggest to General Hodge that two drafts be placed before negotiating committee consisting of General Helmick and Drumright on our side and Prime Minister and Home and Foreign Ministers on Korean side.

7. General Hodge this afternoon also discussed problem with Foreign Minister Chang Taik Sang who was chief instigator of objections and General feels Chang will now go along tomorrow with some slight modifications in draft. General Hodge will report his conversation in separate telegram.

JACOBS

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<sup>2</sup> For note as sent, see telegram 635, August 9, p. 1268.

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895.50 Recovery/8-1948

*The Acting Director of the Budget (Pace) to the Under Secretary of State (Lovett)*

TOP SECRET

WASHINGTON, August 19, 1948.

MY DEAR MR. LOVETT: In accordance with our agreement today, I am enclosing<sup>1</sup> for your comment a proposed memorandum from the President to the effect that economic assistance to Korea shall be undertaken by the Economic Cooperation Administration on January 1, 1949 or in no event later than March 15, 1949. Enclosed likewise for your comment is a proposed press statement of the President.

Because of the top secret nature of the timing for the transfer and the inadvisability of actual transfer at this time, it seems to me on further reflection that a classified Presidential memorandum and a simple public announcement will accomplish all the purposes you have in mind at this time, and that the memorandum can be followed at a later date by the formal Executive order.

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<sup>1</sup> Enclosures not attached to file copy. Marginal notations indicated that changes suggested by the Department were accepted by Mr. Pace on August 20.

I congratulate each of you on the fine spirit of cooperation which made possible our prompt agreement this morning.

Sincerely yours,

FRANK PACE, JR.

501.BB Korea/S-2048 : Telegram

*The Secretary of State to the United States Representative at the United Nations (Austin)*<sup>1</sup>

SECRET

WASHINGTON, August 20, 1948—7 p. m.

550. It is Dept's view that reps on UNTCOK have with perseverance and personal sacrifice made important contribution to Korean independence. As period from present through discussion of Korean question in GA will be an exceptionally critical one for new govt at Seoul, Dept hopes govts represented on UNTCOK will realize to full the stabilizing influence exerted upon developments by mere presence of UNTCOK in Korea. Since additionally GA may wish to have recourse on short notice to Commission in Korea for reliable info on particular current facts, Dept trusts that UNTCOK may remain in Korea pending GA decision on problem, even though present consultations under para 4 of Part B of GA res Nov 14, 1947 were to be concluded earlier.

Dept has communicated foregoing to US Missions in UNTCOK capitals, in most cases with request that substance thereof be conveyed informally to FonOffs in hope that member states may urge upon their reps Seoul further study of present plans to wind up shortly UNTCOK activities there. In your discretion you may bring these considerations to attention appropriate Secretariat officials. For your info we should be satisfied if as suggested Seoul's 681 Aug 18 portion of commission and Secretariat were to remain Seoul. Repeated Seoul for info only.<sup>2</sup>

MARSHALL

<sup>1</sup> Repeated as 297 to Seoul.

<sup>2</sup> Telegram 1058, August 24, 7 p. m., from New York, reported favorable reaction at the UN Secretariat to the American approach (501.BB Korea/S-2448).

501.BB Korea/S-2248 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

SECRET

SEOUL, August 22, 1948.

701. Cite Zpol 9550. Have now obtained copy of letter to UNTCOK mentioned Seoul PolAd 683, August 18<sup>1</sup> and find that it was

<sup>1</sup> Not printed.



dated August 17 (not August 18) and that it was signed by Foreign Minister Chang Taik Sang and not by President Rhee. Its text is as follows:

"With reference to your letter of August 16, 1948, addressed to the President, I have the honor to inform you that the President has instructed me to appoint representatives of this government to consult with UNTCOK.

"The President has directed me to express for him, and I also express for myself, great pleasure at the decision of your commission to engage in consultations with this government as provided for in Resolution II on Korea, paragraph 4, of the United Nations General Assembly of November 14, 1947. The subjects therein defined are:

- "(1) Establishment of a security force;
- (2) The arrangements for transfer of authority from the United States occupation forces to the Korean Government; and
- (3) The withdrawal of foreign troops when practicable.

"I have designated Mister Chang Myun, Mister Chang Ki Yung and Koh Chang Il as representatives of the Foreign Ministry to conduct these consultations. I have noted your designation of the main committee of the United Nations Temporary Commission on Korea as the consultative body, and have so informed the Korean representatives named above.

"With assurances of my high regard. (Signed) Chang Taik Sang."

UNTCOK replied to the above-quoted letter on August 20 in a communication dated August 19 reading as follows:

"I have the honor to acknowledge your letter of 17 August, 1948, in which you informed the United Nations Temporary Commission on Korea of the designation of Mister Chang Myun, Mister Chang Ki Yung and Mister Koh Chang Il, as representatives of the Foreign Ministry to conduct consultations as provided for in paragraph 4 of Resolution II, of the United Nations General Assembly of 14 November, 1947.

"Expressing the readiness of the main committee to conduct those consultations with the representatives of the Foreign Ministry, I would like to point out that, in view of the forthcoming session of the General Assembly in Paris, the members of the committee are desirous that any concrete problems with regard to consultations be taken up with the committee on or before 1 September, 1948.

"Accept, sir, the assurances of my highest consideration. (Signed) Rufino Luna, chairman."

With reference to date of September 1 mentioned in foregoing letter, most of the delegates and members of Secretariat scheduled to leave Seoul by air either on August 26 or September 2 bound for Lake Success to complete report there. It has not been decided who will remain here but have heard of discussions of that question which seem

to indicate that French and Chinese alternate together with one or two members of the Secretariat will remain as a "main committee".

JACOBS

501.BB Korea/8-2348

*The Deputy Assistant Secretary of State for Occupied Areas (Wisner)  
to the Under Secretary of the Army (Draper)*

TOP SECRET

WASHINGTON, August 23, 1948.

DEAR MR. DRAPER: Following our conversations of Friday<sup>1</sup> afternoon and Saturday morning on the reduction of U.S. forces in Korea, representatives of this Department have met with representatives of the Department of the Army in an effort to agree on wording of a cable to ComGenUSAFIK which will provide him instructions and represent the understanding existing between the Departments of the Army and State.

The enclosed draft cable<sup>2</sup> has been approved by the Department of State. I believe it provides appropriate instructions under the circumstances and correctly sets out the understanding of the two Departments on this subject. I am asking Mr. Claxton to discuss the cable with General Maddocks.<sup>3</sup> If you can concur in it, it may be dispatched at once. If you wish to make any substantial changes please let me know.<sup>4</sup>

Sincerely yours,

FRANK G. WISNER

<sup>1</sup> August 20.

<sup>2</sup> Not attached to file copy.

<sup>3</sup> Maj. Gen. Ray T. Maddocks served as Deputy Director, Plans and Operations, General Staff, U.S. Army, April 1–November 14, 1948. He was Acting Director from June 24–July 18, 1948, and served as Director from November 15, 1948, to May 15, 1949.

<sup>4</sup> Under Secretary Draper replied on August 28 that the revised cable had been sent to Seoul (501.BB Korea/8-2848).

895.01/8-2348 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

RESTRICTED US URGENT

SEOUL, August 23, 1948.

704. Cite Zpol 9602. Ambassador Muccio arrived Seoul 2:30 afternoon August 23. He was met at airport by Prime Minister Lee Bum Suk, Foreign Minister Chang Taik Sang, Minister Home Affairs Yun Chi Yung and other Korean officials, General Hodge, members of his staff and political adviser Jacobs. Members of press were also present.

Ambassador released to press following statement:

"It is profoundly gratifying to me, as special representative of the President of the United States, to be arriving at the auspicious moment that the Korean people are realizing their aspiration for independence.

"The goodwill of the people of the United States has step by step accompanied the unflagging determination of the Korean people to regain their independence. Unfortunately during three long years this has proved impossible of attainment through no fault either of the Koreans or of the real friends of Korea.

"The people of the United States were greatly impressed by the fact that 90 percent of the eligible Korean electorate voted in the elections of May 10. We were further elated that the freely elected representatives of the Korean people responded so earnestly to the spirit of the United Nations resolutions of November 14, 1947, and after careful and open deliberation adopted a constitution and established a government headed by the veteran patriot statesman, Doctor Syngman Rhee.

"I am here to carry on negotiations with the Republic of Korea, in consultation with the United Nations Temporary Commission on Korea, concerning the further implementation of the provisions set forth in the General Assembly resolutions of November 14, 1947, and to give expression to the goodwill of the people of the United States tangibly to assist Korea in establishing the essential basis for an independent and democratic state. I am confident that Korea will achieve without further delay a united, self-governing and sovereign status, rid of all foreign controls, and qualify for membership in the United Nations."

(Pass to IBD NY.)

JACOBS

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740.00119 Control (Korea) /S-2448 : Telegram

*The Political Adviser in Korea (Jacobs) to the Secretary of State*

PRIORITY

SEOUL, August 24, 1948.

707. Cite Zpol 9643. Pass IBD NY. Reference Seoul PolAd number 705, August 24.<sup>1</sup>

Following is text of Rhee-Hodge press release on signing of interim military agreement August 24:

"The negotiations of the first of several agreements for the transfer of authority from the United States authorities to the Government of the Republic of Korea has been completed in an atmosphere of mutual understanding. This agreement, regarding security forces, was signed today. Doctor Syngman Rhee, President of the Republic of Korea, and by constitution, Commander-in-Chief of Korean Armed Forces, and Lieutenant General John R. Hodge, Commanding General, United States Army Forces in Korea, were the signatories.

This is an interim agreement and provides for the progressive turning over to the Korean Government of jurisdiction over and command of all Korean security forces (police, constabulary and coast guard) as rapidly as is possible, consistent with the common security of the Republic of Korea and the United States Army Forces in Korea. During the period of the agreement the United States Army will continue

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<sup>1</sup> Not printed.



to assist the Korean Government in the training and equipment of the constabulary and coast guard. It also provides for the use of those areas and facilities essential for the maintenance of the United States troops until the withdrawal from Korea is completed as visualized in paragraph four of resolution II of the United Nations General Assembly, 14 November, 1947.

The agreement is effective only until the United States troops have withdrawn from Korea.”<sup>2</sup>

JACOBS

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<sup>2</sup> Despatch 13, September 4, from Seoul, transmitted an exchange of letters of September 1 between Maj. Gen. John B. Coulter, Commander of USAFIK, and President Rhee for transfer of the national police to the Republic of Korea on September 3 (895.105/9-448).

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895.50 Recovery/8-2548

*Memorandum by President Truman to the Secretary of State*<sup>1</sup>

TOP SECRET

WASHINGTON, August 25, 1948.

Subject: Transfer of Responsibility for Economic Aid to Korea

I believe the administrative arrangements necessary to provide for uninterrupted economic assistance to Korea under the provisions of the Foreign Aid Appropriation Act, 1949, following the cessation of our occupation of that country, should be defined now. Accordingly, I direct as follows:

1. Such assistance shall continue to be furnished by the Department of the Army until I am advised by the Administrator of Economic Cooperation<sup>2</sup> that he is prepared to undertake this program.

2. The Administrator for Economic Cooperation should be prepared to assume the responsibility for such assistance at an early date—if possible by January 1, 1949, or in no event later than March 15, 1949.

3. Planning for the transfer of this responsibility should begin at once, and should be conducted jointly by the ECA and the Department of the Army, with such assistance as may be required from the Department of State. That planning should be designed to assure the uninterrupted flow of assistance during the period of transfer of responsibilities to ECA and the most effective furnishing of assistance thereafter.

4. The Secretary of State, in addition to his responsibilities under Report NSC VIII of the National Security Council, shall, after consultation with the Administrator for Economic Cooperation, proceed to negotiate an appropriate agreement with the Government of Korea as required by the Foreign Aid Appropriation Act, 1949.

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<sup>1</sup> The substance of this memorandum was reported in telegram 303, August 25, 5 p. m., to Seoul; for press release contained therein, issued August 26, see Department of State *Bulletin*, September 5, 1948, p. 301.

<sup>2</sup> Paul G. Hoffman.

5. Should further economic assistance be required for Korea after June 30, 1949, the Administrator for Economic Cooperation shall initiate the necessary legislation and appropriation estimates.

6. At the time of the transfer of responsibility from the Department of the Army to the Economic Cooperation Administration, the Director of the Budget shall take such action as may be required to place at the disposal of the Administrator for Economic Cooperation the funds available for economic aid to Korea appropriated under the Foreign Aid Appropriation Act, 1949.

I am sending an identical memorandum to the Secretary of the Army and to the Administrator for Economic Cooperation.

HARRY S TRUMAN

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740.00119 Control (Korea)/9-348: Telegram

*The Special Representative in Korea (Muccio) to the Secretary of State*

SECRET      PRIORITY

SEOUL, September 3, 1948.

21. Cite Zpol 1397. Remytel number 17, September 2, transmitting text of letter from Rhee to President of United States.<sup>1</sup>

Department will undoubtedly have noted certain changes were made by Rhee in draft submitted to him. Major changes relate to deletion of term "advisory personnel" and substitution of word "equipment", and deletion of paragraph reading "assistance of American technical personnel to assure the effective utilization of economic aid provided to the Government of the Republic of Korea by Government of the United States of America".

From conversation with Rhee and particularly a conversation held on August 31, between Rhee and Allen Loren, financial adviser, Rhee's present position on American advisory personnel is about as follows:

Rhee perceives need for American technicians to insure that any aid program is effectively carried out. He has no objection to spending aid funds on projects approved by United States, but he cannot give appearance of being "rubber stamp". "Adviser[s]," in the general sense of the word, have, according to Rhee, come to be deeply resented by Korean people because "action of military government advisers have far exceeded the common understanding of the term". (Word acquired special derogatory connotation during Japanese occupation.) It is Rhee's view that it would be desirable for United States Government to "lend" advisers to Korea. If such an arrangement could be effected, Rhee then would not have to hire advisers and pay them from aid funds granted Korea. Rhee is emphatically of view US advisers should be few in number. In this relation Rhee desires individual personal

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<sup>1</sup> Telegram not printed; for text of letter, see p. 1290.

advisers in each major field to whom he can turn for information and advice. In conversation with Loren, Rhee stressed repeatedly his concept that he must avoid outward appearance of being dependent on US advice. Otherwise, it was his feeling that Communists and "middle of road" groups would be in position to wage effective propaganda campaign charging his government with being "dominated" by US advisers.

I feel that Rhee's concept of advisers, as set forth above, is largely responsible for deletions and substitutions made in his message to President. This sensitivity will call for certain editorial changes in wording of the aid agreement. It is also my view that it would be preferable to have all US aid personnel—operational, consultant and technical—in one category. In this general connection Rhee will undoubtedly wish to personally have a hand in selecting certain US personnel which are to act in an advisory capacity. Indeed, he has already approached me informally with regard to the appointment of Paul F. Douglas, President, American University, Washington, to serve as adviser on educational problems.

The foregoing is submitted at this time for background information of Department.

MUCCIO

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740.00119 Control (Korea)/9-348

*The Special Representative in Korea (Muccio) to the Secretary of State*

RESTRICTED  
No. 7

SEOUL, September 3, 1948.  
[Received September 14.]

SIR: In reference to this Mission's telegram No. 17, September 2, 1948,<sup>1</sup> on the above-cited subject, I have the honor to transmit the original of a letter dated September 1, 1948, from Dr. Syngman Rhee, President of the Republic of Korea, to the President of the United States, in which a request is made for continuance of United States' aid to the Government of the Republic of Korea with a view to the carrying out of the previously inaugurated program of economic rehabilitation and security.

Respectfully yours,

JOHN J. MUCCIO

[Enclosure]

*President Rhee to President Truman*

SEOUL, September 1, 1948.

MY DEAR MR. PRESIDENT: I have taken great pleasure in the receipt of your message, delivered by your Special Representative, Amba-

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<sup>1</sup> Not printed.



sador Muccio, on August 31, conveying your congratulations on the progress of Korea towards the attainment of independence, and extending your best wishes to the President of the Republic of Korea. I wish again to express my appreciation of the action taken by the Government of the United States of America in declaring that the Government of the Republic of Korea is regarded as the Government envisaged by the United Nations General Assembly Resolutions of November 14, 1947. Now by force of circumstance, which I am sure you well understand, I am compelled to make an appeal on behalf of my people to the Government of the United States of America for continuance of the aid and assistance which the American people have generously accorded during the past three years in order the [*that*] the Government of the Republic of Korea may carry on the previously inaugurated program of economic rehabilitation and security.

The termination of the war with Japan crippled the Korean economy by completely disrupting previous trade relationships, by separating the country into two zones, thus depriving South Korea of the benefits of power and forest resources as well as the products of the well-developed chemical and power industries of North Korea, and by creating political uncertainty which prevented normal capital investment, thus leading to deterioration of capital installations. In addition to these factors the monopoly of technical skills by the Japanese over a forty-year period has placed upon the Government of the Republic of Korea the urgent necessity of training large numbers of technicians as rapidly as possible.

Furthermore, we now have in South Korea, in addition to the normal increase in population, between three and four million Korean refugees who were returned, by the United States Government, to their homeland at the end of the recent war; more than two million of whom fled from North Korea seeking sanctuary in the South and who have been dependent upon this Government.

As a result of the aforementioned developments, we face serious problems of rehabilitating our economy in order to free Korea as quickly as possible from dependence upon foreign aid, and in order to establish a firm foundation of national security. These problems cannot be solved by the resources presently at our disposal without outside assistance.

I appeal, therefore, to the United States of America for financial and economic assistance along the following lines:

Economic aid which will enable the Government of the Republic of Korea to acquire commodities and machines which are vital to the subsistence and economic activity of the Korean people.

Assistance to obtain supplies and equipment required by the Government of the Republic of Korea for maintaining law, order and internal security.

Assistance to initiate and carry forward the reconstruction of those basic industries essential to permit Korea to strengthen its internal economy and to develop foreign trade.

The continued inclusion of Korea in the International Emergency Food Committee food allocation program.

If the Government of the United States of America should find that it is able and willing to provide assistance to the Government of the Republic of Korea, this Government proposes that representatives of the two governments meet at the earliest possible moment for the purpose of signing an agreement which will set forth in detail the terms under which aid to Korea will be extended, and which will be in consonance with the principles under which foreign aid is extended by the United States of America.

It is the sincere hope of the Government of the Republic of Korea that the Government of the United States of America will continue to assist Korea in this critical period.

Accept [etc.]

SYNGMAN RHEE

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895.50 Recovery/8-1248

*Memorandum by the Assistant Secretary of State for Occupied Areas  
(Saltzman)*<sup>1</sup>

TOP SECRET

[WASHINGTON,] September 7, 1948.

Subject: Future Economic Assistance to Korea

*The Problem:*

The President has now decided that the Economic Cooperation Administration is to be responsible for the administration of the aid program for Korea, commencing some time between the first of January and the 15th of March. Requests for appropriations for FY 1950 for economic assistance to Korea must be submitted to the Bureau of the Budget as soon as possible. Mr. Hoffman has requested the Department of State to give his agency policy guidance as to the future program of economic assistance which the United States should provide to Korea.

*Facts:*

1. During the period of occupation up to the present, economic aid given to Korea has been limited to relief: food, fertilizer, fuel and medical supplies. It has cost in the order of \$100 million annually. Although the people have been adequately fed, the limitation of the

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<sup>1</sup> Addressed to the Secretary of State through the Under Secretary of State (Lovett); the latter replied in a note: "I'm not sure the conclusions are sound—a 4 year plan for Korea is too rich for my blood at the moment. Let's talk this over. L".

program to relief has not enabled the economy as a whole to make progress.

2. In order to make possible a progressing economy and to bring about a condition of substantial self-support in south Korea and on the assumption that the occupation would continue for several years, the Department of State in the spring of 1947 prepared a three-year relief and rehabilitation program in the total amount of \$540 million. This program provided for relief and rehabilitation through supply of raw materials and through such capital construction as fertilizer plants, hydro and steam generating plants and additional mining facilities. It was intended to reduce the aid cost to some \$50 million for the fourth year, \$40 million for the fifth year and \$25 million annually thereafter. This proposal was approved by the Bureau of the Budget and was on the point of formal presentation to the Congress. Due to the rush of business at the close of the session and the feeling of Congressional leaders that the program could not then be passed, it was decided not to present it.

3. Before the budget for FY 1949 was prepared, the Government was considering the early termination of the occupation. Therefore the budget request for Korean rehabilitation was limited to \$60 million for the purchase of raw materials and repair parts and did not include construction of capital plant. The appropriation for Occupied Areas for FY 1949 is considered to include \$20 million for rehabilitation use in the first half of FY 1949. The Army has deferred determination as to whether an approach should be made to the Congress for a supplementary appropriation for Korean rehabilitation for the latter half of FY 1949. The way for such an approach had been explicitly left open by Army and State representatives in discussions with the interested Committees of the Congress and with the Bureau of the Budget. In addition to the rehabilitation funds, \$107 million was requested and \$95 million regarded as appropriated for relief for FY 1949.

4. NSC #8 on "The Position of the United States with Respect to Korea", April 2, 1948 (Tab A) states:

"2a. The broad objectives of U.S. policy in Korea may be defined as follows:

. . .<sup>2</sup>

(3) To assist the Korean people in establishing a sound economy and educational system as essential bases of an independent and democratic state."

In the review of principal international commitments of the United States with respect to Korea set out in NSC #8, it is stated (2b (5)):

"To the formal commitment which the United States has incurred under the terms of the General Assembly Resolutions of November 14,

<sup>2</sup> Omission as indicated in the original.



1947 must be added an implied commitment to the other members of the UN to withdraw its occupation forces from Korea only under circumstances which will bequeath at least a reasonable chance of survival to the government to be established in accordance with those Resolutions."

NSC #8 also recognizes that Soviet actions in Korea make "inescapable the conclusion that the predominant aim of the Soviet policy in Korea is to achieve the eventual Soviet domination of the entire country" and "that the extension of Soviet control over all of Korea would enhance the political and strategic position of the Soviet Union with respect to both China and Japan, and eventually affect the position of the U.S. in those areas and throughout the Far East." It adds that "the over-throw by Soviet-dominated forces of a regime established in south Korea under the aegis of the UN would, moreover, constitute a severe blow to the prestige and influence of the UN; in this respect the interests of the U.S. are parallel to, if not identical with, those of the UN."

NSC #8 concludes (3b) that the:

"U.S. should establish within practicable and feasible limits conditions of support of a government established in south Korea as a means of facilitating the liquidation of the U.S. commitment of men and money in Korea with the minimum of bad effects. Such a program would require that . . .<sup>3</sup> the U.S. extend economic aid to south Korea in order to forestall the economic breakdown which can be expected to ensue should no provision be made for the continuation of at least a minimum relief and rehabilitation assistance following the withdrawal of U.S. occupation forces."

*Discussion:*

There appear to be four possible courses open to the United States: (1) to terminate aid with the end of FY 1949; (2) to revert to a relief program on an annual basis; (3) to continue a relief and rehabilitation (raw materials and repair and replacement parts) program on an annual basis or under a program of several years' duration; (4) to provide relief and assistance for economic development, including capital expenditure, under a program of several years' duration. There is no prospect that under any program south Korea can develop an export surplus. For this reason any program must be entirely a grant—not a loan.

The first course suggested above might be the most sensible one if it is considered that Soviet absorption is inevitable and if it is considered that its occurrence in the immediate future is less damaging to U.S. interests than the cost of deferring it. This alternative, however,

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<sup>3</sup> Omission as indicated in the original.

would be inconsistent with NSC #8 (para 2*d* (4) (a)), which rejects the idea of abandoning the government established in south Korea under UN or U.S. auspices, as unacceptable from the point of view of U.S. prestige, violative of the spirit of every international commitment taken by the U.S. during and since the war with respect to Korea and clearly indicative to the UN that the U.S. had utilized that body merely as a convenient vehicle for withdrawing from Korea.

The second course, a reversion to a program of relief, would have, it is estimated, a constant annual cost of \$90 million. It would maintain an adequate diet and so long as it continued, would probably be of considerable value in staving off communist encroachment. However, it would provide only a slight increase in production and employment and would not result in an increase in standard of living nor contribute to long-run economic improvement and self-support. It would allow deterioration of Korean industry and its termination at any time could be expected to lead immediately to collapse.

The third course, providing relief and raw materials for rehabilitation (raw materials and repair and replacement parts), would require an expenditure estimated at \$135 million in FY 1950. It would provide an adequate diet and a slight increase in standard of living. It would enable the manufacture of industrial raw materials into finished products for export, and result in a gradual reduction of the annual requirement for aid. For a three-year program the cost is estimated at \$365 million. Following the completion of such a program it would cost about \$100 million annually to maintain Korea at the same level (Tab I).<sup>4</sup> It would provide minimum maintenance for existing industry, but would not provide the capital equipment necessary for the local production of raw materials such as coal and minerals, nor for the local production of fertilizer essential to self-support in food nor for electric power adequate to achieve a level of industrial production essential to economic self-support.

The fourth course, a planned program of relief and economic development over a period of several years, including certain capital expenditures, would cost approximately \$180 million in the first year. It would not only accomplish everything which the third course would accomplish, but also, by building up local coal, fertilizer, power and fisheries production, would lead to a rapid, substantial reduction in Korea's annual trade deficit and, hence, the cost of U.S. aid. It is not believed, however, that south Korea alone can ever become fully self-supporting. It also would result in greater internal stability through considerably increased production and employment. If this course is undertaken at all it should be undertaken at once in order

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<sup>4</sup> Not printed.

that capital construction can be commenced as early as funds can be obtained and completed in the first three years to obtain most rapid results and earliest reduction in U.S. costs. A 3-year program would require an estimated total outlay of some \$410 million. The completion of such a program would reduce the future cost of maintaining Korea at the same level to about \$45 million annually (Tab II).<sup>5</sup> It is estimated that new capital expenditure included in such a program would cost some \$50 million in the first year and \$130 million in total (Tab III).<sup>5</sup> In case of communist subjugation of south Korea, this capital expenditure would be lost.

The choice among these possibilities must rest upon estimates of Korean political and economic prospects, of developments in U.S.-Soviet relations and of the economic capabilities of the United States to support this and other foreign aid programs. The political stability of the new government and its ability to guide the development of a sound economy cannot yet be fully estimated. There can be no guarantee that any aid program will successfully maintain an independent, democratic Republic. The only hope, however, of maintaining the independence of the new Republic appears to be a substantial U.S. aid program continuing over a period of several years.

If it is in the interest of the U.S. to make an effort to prevent communist subjugation of the new Republic, the choice appears to lie between the third and fourth courses stated. It is believed that the eventual advantages to be derived from an aid program including capital expenditures outweigh its greater initial cost and risk of loss of capital equipment.

#### *Conclusion:*

It is concluded that in the light of all considerations the interests of the U.S. will best be served by planning for a grant program of relief and economic development of several years' duration (alternative number four), including immediate expenditure for the most essential capital equipment, calculated to place the Republic of Korea as rapidly and as nearly as possible on a self-supporting basis. In order to reduce the cost to the United States to the minimum, this program should be planned to commence with the second half of FY 1949 and should extend over the life of ECA to June 30, 1952.

In presenting this program to the Congress it should be made clear that it has been prepared for planning purposes only. The Congress should be requested to authorize and appropriate funds for only the first year of this program which should be able to stand on its own feet as a one-year program. In order to avoid the implication of any commitment to Korea, the full plan should not be made public but should be discussed with the appropriate committees in Executive

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<sup>5</sup> Not printed.



session. They should be assured that additional requests will be made after further review in the light of any changes of basic assumptions, as in the event of communist seizure of south Korea or union of north and south Korea, and that the Aid Agreement to be signed with Korea places the U.S. under no obligation to continue aid and authorizes the U.S. to terminate aid upon its own volition. Discussion with the Koreans should be in terms of the first year's appropriation only and with the understanding that future aid, if any, is a matter for further determination in the light of developments, including their effective use of the first year's aid.<sup>6</sup>

The Department of State will be responsible for presenting to the President and the Congress the proposed policy of aid to Korea. The Economic Cooperation Administration will be responsible, with such assistance from the Departments of State and Army as it may desire, for presenting proposals as to the authorizing legislation and the appropriations necessary to carry out this basic policy.

The proposed policy should be discussed with Senator Vandenberg and Mr. Eaton<sup>7</sup> by high officials of State and ECA before presentation to the Congress.

*Recommendations:*

1. That you approve the conclusion stated above.
2. That you send the attached letter<sup>8</sup> (Tab B) to Mr. Hoffman, Administrator of Economic Cooperation.

*Concurrences:*

*State:* [Here follow initials of officers.]

*ECA:* This memorandum and draft letter have been discussed with Mr. Hoffman. He states that he regards the question of aid to Korea as essentially a matter of foreign policy and looks to the Department of State for guidance and leadership. While he has some doubts that Congress will appropriate the funds necessary to carry out the course recommended, he feels it is the one best calculated to carry out successfully U.S. policy toward Korea as enunciated by the Department of State, and he feels that it should be recommended to the Congress. He also regards this course as consistent with the position he expressed at the Bureau of the Budget meeting that ECA accept-

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<sup>6</sup> In a memorandum of September 16 (approved by the Secretary of State), Assistant Secretary Saltzman informed Under Secretary Lovett that this paragraph had been added to conclusions set out in the memorandum and letter to Mr. Hoffman and that the proposed economic aid had been discussed with John Foster Dulles, member of the U.S. delegation to the General Assembly in charge of presenting the Korean question. (895.50 Recovery/9-1648)

<sup>7</sup> Chairmen of the Senate Foreign Relations and House Foreign Affairs Committees, respectively.

<sup>8</sup> See letter of September 17, p. 1303.

ance of responsibility for administration of the Korean program was premised on the assumption that it would be an ECA type program and of several years' duration. Mr. Hoffman regards the draft letter as giving him necessary guidance and will accept it.

*Army:* This memorandum and draft letter have been discussed with Mr. Draper. He is doubtful that the Congress will be willing to appropriate more than \$125 million or so for FY 1950. However, he feels the policy to be recommended to Congress is the responsibility of the Department of State. He has made available the services of the Department of the Army staff working on Korean aid matters to assist ECA in the preparation and presentation of the necessary enabling legislation and appropriations request.

CHARLES E. SALTZMAN

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501.BB Korea/8-1748

*Memorandum by the Assistant Secretary of State for Occupied Areas (Saltzman) to the Secretary of State and the Under Secretary of State (Lovett)* <sup>1</sup>

TOP SECRET

[WASHINGTON,] September 8, 1948.

Subject: Reduction of U.S. Occupation Forces in Korea.

With reference to Mr. Butterworth's memorandum of August 17 on the subject of the withdrawal of U.S. occupation forces from Korea (Tab A), there are attached hereto for your information (1) a copy of Department of the Army telegram WARK 88336 of August 27 to the Commanding General, U.S. Army Forces in Korea,<sup>2</sup> authorizing the implementation of plans for the progressive reduction of U.S. military forces in Korea and setting forth the conditions which are to govern such reduction (Tab B), and (2) a copy of a letter of August 28 from the Under Secretary of the Army to the Deputy (Acting) Assistant Secretary of State for Occupied Areas <sup>3</sup> in which assurance is given that the Department of the Army will notify the Department of State in advance of the time when "in its opinion the reduction of U.S. forces in Korea if continued further would make impossible the successful continuation of the occupation mission" (Tab C).

The attached telegram was drawn up jointly by representatives of the Departments of State and the Army with a view to formulating a position on the subject of the reduction of forces which, while acceptable to the Army, would at the same time be consistent with the prin-

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<sup>1</sup> Initialed by the Secretary of State.

<sup>2</sup> Not printed.

<sup>3</sup> See footnote 4, p. 1286.

ciples set forth in the memorandum at Tab A and therefore acceptable also to the Department of State. State concurrence in the despatch of WARX 88336 was made contingent upon the receipt of the assurances set forth in the attached letter from Mr. Draper, and the latter communication should therefore be regarded, together with that telegram, as an integral part of our understanding with the Army on this subject.

In pursuance of the understanding represented by paragraph III F of Tab B and the second paragraph of Tab C, it is anticipated that the question of the definitive termination of the U.S. occupation of Korea will come up for review by the Departments of State and the Army about November first since the Army has now indicated (through Colonel Lawson of P & O) that November 15 will be the date beyond which continued withdrawal would make the occupation untenable.

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501.BB Korea/9-1048

*Memorandum by the Director of the Office of United Nations Affairs  
(Rusk) to the Secretary of State and the Under Secretary of State  
(Lovett)*

CONFIDENTIAL

[WASHINGTON,] September 10, 1948.

Subject: Instructions on the Problem of Independence of Korea

*Discussion*

The attached <sup>1</sup> position paper (Tab A) would instruct our Delegation to the General Assembly in Paris as follows:

1. To advocate acceptance of our view that the government of the Republic of Korea is entitled to be regarded as the government of Korea as envisaged in the General Assembly Resolution of November 14, 1947.

2. To support a request of the Delegation of the Republic of Korea for a hearing, but not to support its taking part in debate.

3. Not to oppose a statement by the Delegation from Northern Korea if such a Delegation so requests and if Assembly sentiment appears favorable, but the US Delegation should state that we do not consider this Delegation to be composed of representatives of the people of Korea within the meaning of the General Assembly Resolution of November 14, 1947.

4. To support early withdrawal of all occupation forces, to advocate removal of present barriers between the regions of Korea, and to advocate steps towards unification.

5. To recommend, by proposing an appropriate resolution (Tab C, attached) either (a) reconstitution of the present Commission on

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<sup>1</sup> Annexes not printed.



Korea, or (b) appointment by the Assembly of a representative for (1) consultation and observation of withdrawal of forces (2) facilitating removal of barriers (3) observing elections where they have not been held, and (4) report to the next session of the Assembly.

6. Within its discretion, to support approval of the reports of the United Nations Temporary Commission on Korea.

### *Recommendation*

It is recommended that the above position be approved by the Secretary as instructions to the US Delegation.

### *Concurrences*

[Here follows list of offices concurring.]

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501.BB Korea/9-1448

### *Memorandum of Conversation, by the Assistant Chief of the Division of Northeast Asian Affairs (Bond)*<sup>1</sup>

CONFIDENTIAL

[WASHINGTON,] September 14, 1948.

Mr. Allison and I lunched today with Dr. Patterson for the purpose of exchanging views concerning the Korean question in general, with particular reference to the consideration of this question by the General Assembly at its forthcoming session.

Dr. Patterson revealed early in the conversation a fear that north Korea was irretrievably lost to the Communists and that the only way to prevent Communist domination of the entire peninsula would be to give strong support to the government in the south. He indicated, however, that any recognition which his government might be disposed to accord to the latter would be restricted to recognition as the government of south Korea alone.

In reply Dr. Patterson was informed that the U.S. still entertains the hope that the unification of Korea can be brought about on a democratic basis with the new government in the south as a nucleus. In this connection it was pointed out that there are those who believe that the predominantly anti-Communist complexion of the people of north Korea would very definitely manifest itself with the withdrawal of Russian occupation forces from that area, particularly if there were established in south Korea a government to which the north Korean people could with good conscience transfer their allegiance. With this possibility in mind it was suggested to Dr. Patterson that, even if his government did not wish to recognize the new government in south Korea at this time as the national government, it would appear ad-

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<sup>1</sup> Initialed by the Director of the Office of Far Eastern Affairs (Butterworth).

visible that it at least cast its recognition in terms which would not preclude the extension of the authority of that government at some future time to those parts of Korea over which it does not presently exercise control. With this Dr. Patterson expressed agreement.

With respect to the position of the U.S. Government in the coming General Assembly, Dr. Patterson was informed that our position, although not yet entirely firm, would be based primarily upon the following points:

1. advocacy of the view that the new government in south Korea is the only governing authority entitled to be regarded as the Government of Korea envisaged by the GA Resolution of November 14, 1947, and that it functions as such in that part of Korea to which the UN Temporary Commission on Korea had access;

2. support for efforts on the part of the General Assembly to evolve a formula by which north and south Korea, perhaps with the active assistance of the UN, might be unified, such unification to be premised on a recognition of the legitimacy of the government in the south.

Dr. Patterson indicated that he was relieved to learn that the U.S. did not propose to ram down the throat of the General Assembly the proposition that the government recently established in south Korea be recognized as the "National Government of Korea", without further reference to the problem of unification. Dr. Patterson also appeared gratified to hear that the U.S. had under consideration plans for giving continuing economic support to the new government in south Korea should it be forced to stand alone.

Toward the end of the luncheon Dr. Patterson referred to the charges which had been made against him in the American press and elsewhere and said that he would like specifically to refute the two principal charges made. He stated that, in the first place, it was not in any sense true that he had encouraged Kim Koo or Kim Kiu Sik to attend the Soviet-sponsored unity conference at Pyongyang. In the second place, and related thereto, he emphasized that he had never held out to Kim Koo or Kim Kiu Sik the hope that separate elections would not be held in south Korea. He added that he feared that much of his reputation as a Communist which had apparently become current in military quarters in Seoul had arisen out of a frank talk which he had had with General Hodge, Colonel Watlington, and several of the younger officers of the XXIV Corps in which he had pointed out that Communism could not be lightly dismissed as a "fly by night affair" but that, on the contrary, it could be combatted successfully only if an attempt were made to understand its nature and its sources of strength and weakness.

501.BB Korea/9-1148 : Telegram

*The Chargé in the United Kingdom (Bliss) to the Secretary of State*

SECRET

LONDON, September 11 [14], 1948—1 p. m.  
[Received September 15—2:38 a. m.]

4103. From Dickover<sup>1</sup>: On September 13 discussed Korean affairs with Foreign Office officials who stated that while cannot accept government of South Korea as national government of all Korea, they cannot accept recently established government in North Korea as true government in any sense. Consequently if USSR attempts to put government in North Korea before GA as national government of Korea, UK will oppose with all means possible.

Regarding tactics in GA, Foreign Office believes would be advantageous to let USSR take initiative and propose government in North Korea as national government. This proposal would be promptly defeated by big majority, thus clearing path for such proposals as we may desire to have brought forward. However, Denning and others believe best plan would be to avoid acrimonious discussion by simply accepting report of UNTCOK and making no proposals regarding national government of Korea. If report is accepted, they believe that most countries will promptly recognize government in South Korea as *de jure* government of South Korea.

Foreign Office further states would support admission of government of South Korea into UN but would oppose admission of government of North Korea as that government does not possess necessary qualifications. However, probably could not prevent North Korean representatives speaking before committees of UN if they so desire.

Foreign Office desires to know if State Department expert on Korea will visit London before proceeding Paris.<sup>2</sup> [Dickover.]

BLISS

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<sup>1</sup> Erle R. Dickover, Counselor of Embassy.

<sup>2</sup> Telegram 3747, September 23, 7 p. m., informed London that 4103 was too late to permit Mr. Jacobs to visit London en route to Paris. (Repeated as 40 to Paris for GADel.) 4103 was also repeated to Mr. Jacobs on September 27.

895.24/9-1648

*The Secretary of State to the Secretary of the Army (Royall)*

TOP SECRET

WASHINGTON, September 17, 1948.

DEAR ROYALL: The Department of State has received the preliminary list, transmitted as an enclosure to Mr. Draper's letter of Au-



gust 19, 1948,<sup>1</sup> of military equipment earmarked for transfer to the security forces of the Government of the Republic of Korea, particularly the Korean Constabulary.

It is my understanding that the mission of the Constabulary, as defined by the Department of the Army, provides that it shall be:

1. loyal to the Government of the Republic of Korea and not susceptible to defection in event of attempted *coup d'état* by political factions or individuals;
2. capable of maintaining internal order under conditions of political strife and inspired disorder;
3. capable of maintaining border patrols and of offering at least token resistance to invasion from the north;
4. organized to indicate clearly its peaceful purpose and to provide no plausible basis for allegations of its constituting a "threat" to north Korea.

It is my further understanding that the mission of the Korean Civil Police Force will be to perform the normal police functions of law enforcement and to cooperate when necessary with the Constabulary in the preservation of internal order, and that the Koreans Coast Guard will have responsibility for maintaining off-shore patrols and rescue work and for ensuring the security of Korean port facilities in so far as may be practicable.

It is the view of the Department of State that if the provisions of National Security Council Paper No. 8 of April 8, 1948—and particularly of paragraph 3 b (1) of that Paper—are to be effectively carried out, these security forces should be left with sufficient equipment, including arms and ammunition with combat reserve, for at least two years normal operations, on the basis of their respective missions as defined above, without further assistance of this type from the United States.

I should appreciate your assurance that the present program for the training and equipping of the security forces of that Government is consistent with the views of this Department as set forth above.

Faithfully yours,

G. C. MARSHALL

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<sup>1</sup> Not printed.

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S95.50 Recovery/8-1248

*The Secretary of State to the Administrator of the Economic Cooperation Administration (Hoffman)*

TOP SECRET

WASHINGTON, September 17, 1948.

DEAR MR. HOFFMAN: I understand that following the decision reached August 19 that the Economic Cooperation Administration

should take over between January 1 and March 15, 1949 responsibility for the administration of the economic assistance program to Korea, you stated that ECA would assume responsibility for preparing an aid plan for Korea, including the budget request for Fiscal Year 1950. I understand that you also asked Mr. Lovett for the views of the Department of State on the policy which should underlie the preparation of such a program and budget request.

It has been and continues to be the purpose of the United States to aid in the establishment of a united and democratic Korea which will be independent of foreign control and eligible to membership in the United Nations. It is also the purpose of the United States to assist the Korean people in establishing a sound economy and educational system as essential bases of an independent and democratic state. It is recognized that the accomplishment of these purposes will require substantial economic aid to the newly established Republic. It is therefore the policy of the United States to provide Korea with the aid which in the long run will be most effective for the fulfillment of these purposes and which will require the least drain on the economy of the United States.

I am attaching a copy of a study which has been made in the Department of State of several alternative courses of action to accomplish United States policy objectives with respect to Korea.<sup>1</sup> After careful consideration of the advantages and disadvantages of these alternative courses, it is the conclusion of the Department of State that the interests of the United States will, in the long run, be best served by planning for a program of relief and economic development of several years' duration, including immediate expenditures for the most essential capital equipment calculated to place the Republic of Korea as rapidly and as nearly as possible on a self-supporting basis. In order to reduce the cost to the United States to the minimum this program should be planned to commence with the second half of Fiscal Year 1949 and to extend over the life of the Economic Cooperation Administration to June 30, 1952.

The existing authority for aid to Korea extends only to funds appropriated to the Department of the Army and not expended upon the termination of the occupation. It will therefore be necessary to prepare and to present to the Congress authorizing legislation for the new program.

In presenting this program to the Congress it should be made clear that it has been prepared for planning purposes only. The Congress should be requested to authorize and appropriate funds for only the first year of this program which should be able to stand on its own feet as a one-year program. In order to avoid the implication of any

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<sup>1</sup> See memorandum dated September 7, p. 1292.

commitment to Korea, the full plan should not be made public but should be discussed with the appropriate committees in Executive session. They should be assured that additional requests will be made after further review in the light of any changes of basic assumptions, as in the event of communist seizure of south Korea or union of north and south Korea, and that the Aid Agreement to be signed with Korea places the U. S. under no obligation to continue aid and authorizes the U. S. to terminate aid upon its own volition. Discussion with the Koreans should be in terms of the first year's appropriation only and with the understanding that future aid, if any, is a matter for further determination in the light of developments, including their effective use of the first year's aid.

I understand that you are in agreement with the view of this Department that it will be responsible for presenting to the President and the Congress the proposed policy on aid to Korea while the Economic Cooperation Administration will be responsible, with such assistance from the Departments of State and Army as it may desire, for presenting proposals as to the authorizing legislation and the appropriations necessary to carry out this basic policy.

The Department of State is anxious to assist your agency with this entire problem in every way possible. Staff officers who are fully acquainted with the matter will be available for this purpose at your request.<sup>2</sup>

Faithfully yours,

G. C. MARSHALL

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<sup>2</sup> Copy transmitted to the Secretary of the Army (Royall) and on September 24 by letter to Ambassador Muccio in Seoul.

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740.00119 Control (Korea)/9-1848 : Telegram

*The Special Representative in Korea (Muccio) to the Secretary of State*

RESTRICTED

SEOUL, September 18, 1948.

59. Cite Zpol 10933. Reourtlet 40, September 15,<sup>1</sup> reporting Pyongyang broadcast text letter "Supreme People's Council" to Soviet and American commands requesting joint troop withdrawal, two Koreans claiming to be messengers People's Council attempted deliver this letter USAFIK liaison officer Pyongyang September 16. Officer refused accept same because not from Soviet command which is only organization with which he can officially deal. If North Koreans follow action taken similar case year when liaison officer also refused

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<sup>1</sup> Not printed.



accept Kim Il Sung letter, they may send it as enclosure note from Soviet Army.

MUCCIO

740.00119 Control (Korea)/9-1948: Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*<sup>1</sup>

RESTRICTED      US URGENT      Moscow, September 19, 1948—7 p. m.

2044. Embassy received September 19 at 17:00 Moscow time third person note dated September 18 from Foreign Office. Text of which after customary salutation and request to inform US Government reads as follows:

"Supreme National Assembly of Korea on September 10, 1948 addressed itself to Government of the USSR and to Government of USA with a request for the simultaneous and immediate withdrawal of Soviet and American troops from Korea.

"Presidium of Supreme Soviet of USSR, having considered this appeal of Supreme National Assembly of Korea, have recognized as possible meeting the wish expressed in this appeal and have given appropriate instructions to the Council of Ministers of USSR concerning evacuation of Soviet troops from Northern Korea so that the evacuation would be concluded at end of December, 1948.

"At same time Presidium of Supreme Soviet expressed hope that Government USA will also agree to evacuate American troops from Southern Korea within this period.

"Presidium of Supreme Soviet USSR on September 18 informed President of Presidium of Supreme National Assembly of Korea, Mister Kim Doo Bong, of above decision."

Sent Department 2044; Department pass Paris as 357 for GADel, Seoul as 29.<sup>2</sup>

KOHLER

<sup>1</sup> Repeated in telegram 36, September 21, 6 p. m., to Seoul; relayed to both Paris and Seoul, September 24, 4:30 p. m.

<sup>2</sup> Telegram 1173, September 27, 8 p. m., to Moscow, suggested a reply to the Soviet Foreign Office. The final sentence stated: "Emb further instructed state its govt regards question troop withdrawal as part of larger question Korean unity and independence, concerning which its views will be presented appropriate time by USDel GA." Repeated to Seoul as 49 and to Paris as 72 for GADel. (740.00119 Control (Korea)/9-1948) The reply was delivered at Moscow on September 28. Texts of the exchange are printed in Department of State *Bulletin*, October 10, 1948, p. 456. The Soviet press printed summaries of the exchange.

740.00119 Control (Korea)/9-2048: Telegram

*The Special Representative in Korea (Muccio) to the Secretary of State*

RESTRICTED      URGENT      SEOUL, September 20, 1948.

64. Cite Zpol 10993. Remytel 62, September 20.<sup>1</sup> Following is text of statement issued to US press correspondents by Rhee today.

<sup>1</sup> Not printed.

"If the report that the Soviet forces have decided to withdraw from North Korea by the end of this year is true, I believe they are trying to do the right thing, not only for the interests of Korea and other powers involved, but they should have done so sooner for their own interests as well. I know that US Army will not stay one day more than is necessary. The Soviet forces remain in order to make the Communist régime safe and secure in North Korea. I believe they have achieved their objective. However, they should not have entertained any fear on that account, for no armed force in the South, either Korean or foreign, ever intended to disturb the peace of the North. It is our intention, as it has been always, to solve the problem peacefully by ourselves, it is highly advisable for the Soviets to keep their hands off and allow the Korean people to settle this question free from any foreign interference.

I hope that the US will not play into the Soviet game by making any agreement without consulting us.<sup>2</sup> Although Korea and the US have no written agreement for mutual defense, yet we have been working in unison in mutual interest of security of both nations and also for the maintenance of democratic institutions. The Koreans have been struggling under heavy odds to remain loyal to this principle, and I hope that US will do the same.["]

Department pass to Moscow.<sup>3</sup>

MUCCIO

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<sup>2</sup> In telegram 75, September 23, from Seoul, Ambassador Muccio commented on this sentence: "The wording of Rhee's statement may have been motivated by local widespread rumors current that US and Soviet Union have reached secret agreement re Korea." (740.00119 Control (Korea)/9-2348)

<sup>3</sup> This was done the same day.

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740.00119 Control (Korea)/9-2048: Telegram

*The Acting Secretary of State to the Special Representative in Korea*  
(Muccio)

PRIORITY

WASHINGTON, September 20, 1948—7 p. m.

35. Fol press statement issued today by Dept response questions re attitude toward announced Soviet decision withdraw occupation forces from Korea:

"It has been consistent view this govt that best interests Korean people would be served by withdrawal all occupying forces from Korea earliest practicable date. Same view embodied UN GA Res Nov 14, 1947 in which provision made for such withdrawal soon as practicable after establishment Korean Govt which it was intention Res bring into being. Had Soviet Union cooperated carrying out provisions Res Nov 14, 1947 question troop withdrawal from Korea would doubtless have been already resolved.

"US Govt regards question withdrawal occupying forces as but one facet entire question unity and independence Korea. GA of UN has taken cognizance of this larger question, as evidenced by Res re-

ferred to above and may be expected give further consideration to matter at its forthcoming meeting."

LOVETT

501.BB Korea/9-2148 : Telegram

*The Acting Secretary of State to the Embassy in France*

SECRET

WASHINGTON, September 21, 1948—7 p. m.

Gadel 34. For Jessup. Paul-Boncour states consensus members UNTCOK, now drafting report Lake Success, is that they shd proceed Paris *en bloc* to report GA and be available consultation. Points out additional advantage GA might refer to them such Korean reps as not accredited by Govt Rep Korea. He indicates Secretariat (meaning Sobolev) wishes extinguish UNTCOK and will try refuse authorization travel Paris. He proposes introduce into UNTCOK draft resolution calling for latter's presence Paris, and appears confident its passage unanimous vote members present. Foregoing without prejudice continuance UNTCOK seat and rump representation Seoul.

In event you approached by SyG or his rep for US views presence UNTCOK Paris, you shd reply that as GA Res directed UNTCOK report GA, and as UNTCOK master own procedure, we would think it appropriate its decision this sense be implemented, aside from valuable services this experienced body may be able offer GA if present as group.

LOVETT

740.00119 Control (Korea)/9-2148 : Telegram

*The Special Representative in Korea (Muccio) to the Secretary of State*

RESTRICTED

PRIORITY

SEOUL, September 21, 1948.

68. Zpol 11091. Re mytel 17, September 2, transmitting text of letter from Rhee to President,<sup>1</sup> I have today sent Rhee following letter of acknowledgment:

"American mission in Korea Seoul, September 21, 1948; Excellency: By direction of the President of the United States, I have the honor to acknowledge receipt of your letter addressed to him on September 1, 1948. In that letter you expressed the hope that the aid and assistance given to Korea by the American people during the past three years would be continued, in order that the Government of the Republic of Korea could carry on the previously inaugurated program of economic rehabilitation and security.

I am glad to inform you that the Government of the United States has given favorable consideration to the continuance of United States

<sup>1</sup> See footnote 1, p. 1289.



aid and assistance to Korea. As you know, the United States Army is for the time being continuing its previously inaugurated program. However, the President has directed that the administration of aid and assistance to Korea be transferred in the near future to the Economic Cooperation Administration headed by Mr. Paul George Hoffman.

Meantime, in response to your proposal that representatives of our two governments meet for the purpose of reaching an agreement which will set forth in detail the terms under which aid to Korea will be extended, and will be in consonance with the principles under which foreign aid is extended by the United States, I am pleased to inform you that the Government of the United States is now prepared to enter into negotiations with a view to the conclusion of such an agreement.

For the purpose of reaching an early and mutually satisfactory agreement, I have designated Major General C. G. Helmick, US[A], and Mr. Owen T. Jones to consult with your representatives. In this connection, I shall be grateful if you will designate your representatives in order that consultations may be initiated at an early date.

(Signed) John J. Muccio, Special Representative, [to] His Excellency Doctor Syngman Rhee, President of the Republic of Korea.["]<sup>2</sup>

MUCCIO

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<sup>2</sup> Telegram 77, September 24, from Seoul, reported President Rhee's reply of September 23 in which he named his representatives in the proposed negotiations (895.50 Recovery/9-2448). Telegram 101, October 6, from Seoul, reported the joint U.S.-Korean press release of October 5 on initiation of the negotiations (740.00119 Control (Korea)/10-648). For statement on the negotiations, see Department of State *Bulletin*, December 19, 1948, p. 778. For text of agreement between the U.S.A. and Korea respecting economic cooperation under Public Law 793, 80th Congress, signed at Seoul, December 10 (in force December 14), see 62 Stat. (pt. 3) 3780.

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895.01/9-2348

*Memorandum of Conversation, by the Acting Secretary of State*

CONFIDENTIAL

[WASHINGTON,] September 23, 1948.

Participants: Dr. Chough Pyong Ok, Special Representative of the President of Korea

Mr. Chyung Yil Hyung, Counselor, Korean Mission

Mr. Kim Woo Pyung, Economic Adviser, Korean Mission

Mr. Robert A. Lovett, The Acting Secretary

Mr. W. Walton Butterworth, Director, FE

Mr. Niles W. Bond, Assistant Chief, NA

After the usual exchange of pleasantries, Dr. Chough stated that he had come, first, to express the gratitude of the Government and the people of Korea for the assistance rendered by the United States in the struggle for Korean independence and unity, and, second, to urge that the United States not forsake Korea at the present critical mo-

ment with that goal only half won. He expressed the view that the best hope for a constructive solution to the Korean problem lay in continued U.S. support for the new Korean Government until the latter is strong enough to stand alone and to serve as a nucleus for the unification of Korea on a democratic basis. As essential elements of such support, he mentioned (1) the retention of U.S. occupation forces in Korea for the time being, (2) development in the meantime of effectively trained and equipped Korean security forces, and (3) continued U.S. economic assistance to the new Government, with emphasis on the rehabilitation of electric power facilities and light industries. (In the latter connection he stated that, as a result of shortages of power and raw materials, only thirty percent of south Korea's 5,500 industrial plants were in production.) Dr. Chough went on to say that if these conditions were met he was confident that his Government could survive to become the nucleus of a free and independent Korea which would be a bulwark of democracy in the Far East.

I asked Dr. Chough whether it was his opinion that, if all occupation forces were withdrawn from both north and south Korea at this time, the north Korean "People's Army" would attack south Korea. He replied without hesitation in the affirmative, adding that his information was that the "People's Army" had four divisions fully equipped with modern Soviet equipment, and that the total strength of all north Korean military and para-military organizations was between 250,000 and 300,000 men. He said that almost the entire budget in north Korea was devoted to such organizations, as a consequence of which those persons who were neither members thereof nor part of the governmental hierarchy found it difficult to live. This, he said, was one of the principal reasons why at least 4,500,000 north Koreans, including virtually all of the real leaders of north Korea, has sought refuge south of the 38 degree parallel.

Turning to the subject of UN consideration of the Korean problem, Dr. Chough expressed confidence, on the basis of the previous attitudes of the General Assembly and the Interim Committee, that the present session of the General Assembly would accord some form of recognition to his Government. He added that even the UN Temporary Commission on Korea, after an inauspicious beginning, had finally come to take a generally sympathetic view toward that Government. In this connection he indicated that the considerable change for the better in the attitude of certain of the members of the Temporary Commission toward the south Korean police was in considerable part due to his own testimony on the latter's behalf, delivered during the course of a 4½-hour session with the Temporary Commission.

Dr. Chough went on to say that his own police experience had convinced him of the seriousness of the Communist threat to South Korea,

even though Soviet occupation forces were to withdraw from north Korea. I pointed out to Dr. Chough in this regard that it had been demonstrated in several instances in Europe that once Soviet military forces were withdrawn from an area of Soviet influence, the natural antipathy of the people toward Communism was apt to make itself felt. To this Dr. Chough replied that the situation in Korea was essentially different from that in Europe and that similar results should not be expected to flow from Soviet withdrawal from Korea. There ensued a discussion of the effect of the Tito schism<sup>1</sup> on the propaganda line being taken by the Communists in the Far East to the effect that the peoples of Asia will find in Communism a support for their aspirations to national self-determination.

In response to my question as to his estimate of the effectiveness of the Korean Constabulary, Dr. Chough, while revealing an understandable predilection for the civil police force of which he formerly was head, replied that he regarded the Constabulary as an effective security force, whose effectiveness would be still further enhanced as the present program of training and equipping was carried out. He interjected somewhat ruefully at this point that in at least one instance the equipping of the Constabulary had been carried out at the expense of his civil police, the latter having been obliged to turn over to the Constabulary all of their American machine guns, leaving only Japanese weapons for which there were no replacement parts. He expressed the view that the principal disadvantage from which the Constabulary suffered in relation to the north Korean armed forces was that, despite his own urgings as far back as 1945, much valuable time had been lost before a serious program for the training and equipping of the Constabulary was initiated in 1947.

With respect to his own plans, Dr. Chough stated that he hoped to be able to see the President prior to his departure for Paris and the General Assembly next month, and that, if time permitted, he hoped also to be able to visit Ottawa in order to pay his respects to the Government of Canada as one of the member nations of the Temporary Commission.

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<sup>1</sup> For documentation on this subject, see vol. III. Marshal Josip Broz Tito was President of the Council of Ministers and Minister of National Defense of the Federal People's Republic of Yugoslavia.

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501.BB/9-2348 : Telegram

*The Acting Secretary of State to the Special Representative in Korea  
(Muccio)*

URGENT

WASHINGTON, September 24, 1948—7 p. m.

44. For your info, that of Pres Rhee and release to local press at your discretion, Secretary with reference to Korea, in his address be-



fore GA Sept 23,<sup>1</sup> mentioned it as one of "questions affecting world peace now before UN" on which following ends to be sought:

"A unified and independent Korea, accepted as a member of the United Nations, acting under a constitution and a government selected by the Koreans themselves through free elections, and receiving the economic and political encouragement which it will need as it embarks upon its new life as a Korean nation."

Only other direct reference to Korea was following:

"On the issues which call for settlement, the large powers as well as the small must submit their policies to the judgment of the world community. For this purpose appropriate forums have been established for the adjustment of differences through the impartial opinions of the international society. This process has been seriously hampered by the refusal of a group of nations to participate in certain of the important commissions established by this Assembly, such as the Balkan Commission, the Korean Commission, and the Interim Committee.

More important than this boycott, however, is the disturbing lack of cooperation which the United Nations has received in its efforts to resolve such questions as Korea and Greece and to bring about the international control of atomic energy. This persistent refusal of a small minority to contribute to the accomplishment of our agreed purposes is a matter of profound concern."

LOVETT

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<sup>1</sup> For text of address, see Department of State *Bulletin*, October 3, 1948, p. 432.

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895.50 Recovery/10-148

*The Administrator of the Economic Cooperation Administration  
(Hoffman) to the Secretary of State*

TOP SECRET

WASHINGTON, October 1, 1948.

MY DEAR MR. SECRETARY: I received your letter of September 17, 1948, in which you set forth the views of the Department of State on the policy which should underlie the preparation of a program for economic assistance to Korea, and for the submission of a budget request to the Congress. I wish to express my appreciation for the prompt response to my request to Mr. Lovett for policy guidance.

This Administration will base its program for Korea on the policy set forth in your letter. The program of economic development which you envisage for Korea should serve to place that area more nearly on a self-supporting basis. This program is similar to the programs

the ECA is carrying out in other parts of the world in accord with its basic legislation.

After thorough analysis of the problem by members of my staff, assisted by officers of the Departments of State and Army, it is the opinion of this Administration that it will not be feasible to initiate a program of economic development until Fiscal Year 1950. I have instructed my staff to assume responsibility for preparing and submitting to the Congress authorizing legislation and requests for funds for the program for the period July 1, 1949 to June 30, 1950. It will be essential, as you have suggested, for this Administration to call upon the Departments of State and Army for assistance in preparing and presenting the program to the Congress. I agree that the Department of State should be responsible for presenting and defending to the President and to the Congress the basic policy on aid to Korea with particular emphasis on the political grounds for the Korean program.

In presenting the program to the Congress it will be made clear that :

1) it has been prepared on a three-year basis for planning purposes and in order to show the effect of a program of capital investment in reducing Korea's balance of payments deficit and thereby promoting the economic and political stability of the area,

2) the full plan should be discussed with the appropriate committees in Executive session and should not be made public in order to avoid the implication of any commitment to Korea,

3) the Congress is being requested at this time to authorize and appropriate funds for the first year of the three-year program and that additional requests will be made only after further review of the Korean situation,

4) the Aid Agreement to be signed with Korea<sup>1</sup> places the U.S. under no obligation to continue aid and authorizes the U.S. to terminate aid upon its own volition.

The Department of State has been most helpful to the ECA in planning for the time when the transfer of responsibility for administration of the aid program will be made. Your offer of further assistance is greatly appreciated.<sup>2</sup>

Sincerely yours,

PAUL G. HOFFMAN

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<sup>1</sup> See footnote 2, p. 1309.

<sup>2</sup> In a letter dated December 7 to the Assistant Director of the Bureau of the Budget (Pace), the Deputy Assistant Secretary of State for Occupied Areas (Wilds) pointed out that the policy stated in the Secretary of State's letter of September 17 had not been changed; that the Department regarded "as essential the continuation during the second half of FY 1949 of a relief and rehabilitation program of the level initiated by the Department of the Army in the first half of FY 1949"; and that "the aid policy is regarded as applicable regardless of the duration of the occupation" in Korea. (895.50 Recovery/12-748)

740.00119 Control (Korea)/10-1348

*Memorandum of Conversation, by the Secretary of State*

SECRET

[PARIS,] October 13, 1948.

Subject: Visit of the Korean Delegation

Participants: Dr. John M. Chang, Chief Korean Delegate  
Mr. Chang Ki Yung, Alternate Korean Delegate  
Dr. Helen Kim, Korean Delegate  
Dr. Chun Kyu Hong, Korean Delegate  
The Secretary  
Mr. Joseph E. Jacobs

This morning at 10:45 I received the above-mentioned members of the Korean Delegation who are here to present the case of the Government of the Republic of Korea before the General Assembly.

Mr. John M. Chang, the Chief Delegate, told me that he hoped the United States would lend its support to full recognition of his Government. He added that when such recognition was accorded, Korea wished to apply for membership in UN. He expressed some concern over a request which the Secretary General had received from the North Korean regime to appear before the GA.

Dr. Helen Kim then expressed appreciation for the assistance which the United States had given to Korea, especially for bringing the Korean problem before the General Assembly last Autumn. She said she regretted that there had been some differences between her people and the United States on certain matters of policy.

In reply, I first explained confidentially how the existence of the 38th parallel military boundary come about: due to certain discoveries which were made in September 1945 concerning the attitude of the Japanese Commander-in-Chief in Korea.

I then said that the development of democracy in any country was slow and that the Koreans should not be too hasty. I cited my experience with the progress of democratic development in the Philippines, which I witnessed from its beginning to its conclusion in the establishment of an independent Philippines. I pointed out that it was necessary that the military security force in Korea be maintained as a purely military agency of the Government, completely subordinate to the civil branch of the Government. I said that it was important, therefore, that the leaders of the Korean Army be indoctrinated thoroughly with this principle. I added that I realized that the danger created by the presence of an antagonistic Communist North Korean armed force might make this problem more difficult.

We then turned to the subject of how the Koreans present felt with respect to the ability of the forces in South Korea to oppose those in



the North. Their views were rather vague but in a general way they felt that the South Koreans would resist the North Koreans, although Dr. Kim said many North Korean youths had become thoroughly indoctrinated with the Communist ideology and were ready to fight for it.

I assured the Delegation that the Korean problem was a matter of deep interest and concern to us and would be handled vigorously in the forthcoming consideration of that problem by the General Assembly.

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IO Files : US(P)/A/C.1/167

*United States Delegation Position Paper*

CONFIDENTIAL

[PARIS,] October 22, 1948.

PROBLEM OF THE INDEPENDENCE OF KOREA

PROBLEM

The Third Regular Session of the General Assembly will act upon the problem of the independence of Korea. This will involve: (a) consideration of the report of the United Nations Temporary Commission on Korea, and of the Interim Committee report on the consultation of the Temporary Commission with it; (b) determination of the attitude which the General Assembly should adopt with respect to the Government of the Republic of Korea, recently established at Seoul, as well as with respect to individuals claiming to represent another Korean authority; and (c) consideration of further steps which may be undertaken to complete the implementation of the General Assembly resolution of November 14, 1947.

The problem is: What attitude shall the United States adopt in the General Assembly with respect to these matters?

RECOMMENDATIONS

The United States Delegation should be guided by the following principles:

1. The United States Delegation should advocate General Assembly acceptance of the view that the Government of the Republic of Korea which has been established in Seoul as a result of elections held on May 10, 1948, under the observation of the Temporary Commission is entitled to be regarded as a lawful government deriving its authority from the will of the people expressed in accordance with the principles established by the General Assembly's Resolutions of November 14, 1947, and that it is the only such government in Korea.

2. The United States Delegation should support a request for a hearing on the part of the Delegation of the Republic of Korea, point-

ing out that it consists of elected representatives of the Korean people within the meaning of the General Assembly Resolution of November 14, 1947; it should be prepared also to support that Delegation's participating debate.

3. In the event that a delegation from North Korea styling itself as representative of the "People's Democratic Republic of Korea" should seek to obtain a hearing in the General Assembly or in Committee I, the United States Delegation should maintain the view that the members of such delegation cannot be regarded by the General Assembly as elected representatives of the Korean people within the meaning of the General Assembly Resolutions of November 14, 1947, and should point out that the regime which it represents has opposed the work of the Temporary Commission and severely criticized UN because of its efforts to solve the Korean problem. For these reasons the North Korean Delegation is not entitled to be heard at UN, but if the sentiment of the GA or Committee One is such as to favor the granting of a hearing, the US Delegation should not oppose their making a statement as individuals but should oppose their participation in debate.

4. The United States Delegation should (a) support the early withdrawal of all occupying forces from Korea as provided in the General Assembly Resolution of November 14, 1947; (b) advocate steps designed to facilitate the removal of present barriers between regions within Korea, including the dissolution of military or semi-military formations not under the authority of the Republic of Korea; and (c) advocate steps designed to promote unification of the north and south by the participation of the northern minority in the Government of the Republic of Korea in a manner consistent with the status of that government as approved by the General Assembly.

5. The United States Delegation, depending upon developments, should recommend a reconstituted Commission on Korea or the appointment of a mediator or some other UN agency, to accomplish the ends described in the foregoing paragraph. The duties of the Commission (or mediator) should include the following:

(1) to consult and observe in connection with the simultaneous and progressive withdrawal of the armed forces of the occupying powers or to determine factual proof of actual withdrawal. In this connection the General Assembly should provide that the Governments of the USSR and the United States may each appoint one representative to consult with the reconstituted Commission, or with the General Assembly Representative;

(2) to facilitate the removal of present barriers between regions within Korea and the dissolution of military or semi-military formations not under the authority of the Republic of Korea, and to promote unification of the north and south;

(3) to report to the next regular session of the General Assembly, and to consult at discretion with the Interim Committee.

6. The United States Delegation should support approval by the General Assembly of the reports in question together with such conclusions as may be contained therein. (\*)

In pursuance of these aims, the United States Delegation should introduce, at an appropriate time, a draft resolution along the foregoing lines.<sup>1</sup>

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(\*) This recommendation is subject to any revision which may appear necessary after a study of the complete reports in official versions. [Footnote in the original]

<sup>1</sup> Draft not printed, but for text of November 8, see p. 1321. Originally drafted in the Office of United Nations Affairs of the Department, it was incorporated in a "Background Book" prepared for the U.S. delegation to the Paris meeting of the UN General Assembly and entitled "The Problem of the Independence of Korea". Delegation experts made changes in the draft which received formal approval at a meeting of the delegation presided over by the Secretary of State on October 27 (doc. US(P)/A/M(Chr)/22). The text was then submitted to the Department for its recommendations.

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### *Editorial Note*

On October 22, 1948, Chinese Minister for Foreign Affairs Wang Shih-Chieh, who headed the Chinese Delegation to the Third Session of the United Nations General Assembly, then meeting in Paris, addressed a letter on the Korean situation to Secretary of State Marshall. Foreign Minister Wang pointed out that it was the position of his Delegation that the Government of the Korean Republic should be recognized as the legal government entitled to the assistance of the United Nations in its efforts to obtain Korean unification, that the United Nations Commission on Korea should be continued, and that representatives of the North Korean regime not be permitted to appear before the General Assembly. Foreign Minister Wang expressed the conviction that the premature withdrawal of American troops from Korea would prejudice the viability of the Republic of Korea and would be interpreted by the Soviet Union and by nations in the Far East as a sign of weakness (501.BB Korea/10-2248).

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895.00/10-2848 : Telegram

*The Special Representative in Korea (Muccio) to the Secretary of State*

SEOUL, October 28, 1948.

165. Following press statement released today by Korean Prime Minister Lee Bum Suk on South Korean uprising.<sup>1</sup>

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<sup>1</sup> For Department press release on October 21, see Department of State *Bulletin*, October 31, 1948, p. 562.



"The so-called Red uprisings in the three districts of South Cholla Province are well in hand. Our loyal Army and local police and Navy have eliminated all resistance, except in a few small pockets.

"This disturbance was not a 'civil war', a 'mutiny' or a 'rebellion', but a terroristic activity of the Communists, synchronized with the application for United Nations recognition of the Russian puppet government in North Korea. While it was intended primarily to change the opinion of the United Nations Assembly, it also represented a part of an elaborate plot for a small minority of Communists to take over control of all of South Korea.

"It was organized by forty skilled Communist operators who were members of the constabulary. They managed to gather a force of about 2000 other constabulary men and about an equal number of civilian members of the Communist underground. Other Communist cells were scheduled to come out into the open, if the uprising in the south had not promptly lost momentum because it failed to gain sympathizers from the populace and encountered effective action on the part of the government.

"The North Korea radio reported all details of the uprising down to the serial number of the train the Communists captured (this number incidentally was the only thing in the report found incorrect) long before full reports were available in South Korea.

"The first act of the terrorists was to murder their army officer, the police, and a few civilians after, of course, holding mock trials before 'peoples courts' in approved Russian revolutionary style.

"The work of the Communist organizers was made easy by the fact that recruiting and training of our constabulary was under the atmosphere of joint cooperation between left and right with no adequate provision to check the Communistic propaganda. Korean leaders repeatedly warned of these officials of the presence of a Communist Trojan horse in the constabulary but their warnings were ignored. After the recent election several Korean leaders suggested to collect all of the cartridges of the constabulary, to prevent any contingency occurring from the constabulary, but their warnings were ignored. Many of the men the Americans recruited for our constabulary service were self-styled refugees newly arrived from the north of the 38th parallel, who were accepted without proper investigation.

"However, the country is not in danger. The new government is taking vigorous steps to weed out the Communists not only in the constabulary but in every other position where they can damage our country. The Communist underground, while very active, is quite small, and will never prevail against the millions of loyal democratic Koreans".

Pass GADel Paris.<sup>2</sup>

MUCCIO

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<sup>2</sup> This was done.

740.00119 Control (Korea)/11-548: Telegram

*The Acting Secretary of State to the Secretary of State, at Paris*

TOP SECRET      US URGENT      WASHINGTON, November 5, 1948—7 p. m.

Telmar 135. For Secretary's eyes only. Ref Problem Summary Book Tab 26 Korea. Pursuant its undertaking advise State in advance time when in its opinion further reduction US forces Korea would make impossible successful continuation occupation mission, Dept Army has given notification in letter dated Nov 4<sup>1</sup> recd Nov 5 that Nov 15 is critical date by which it must know whether continue or suspend troop withdrawal as planned.

Ur concurrence sought reply based fol points: <sup>2</sup>

1. In view fact GA not yet had opportunity consider and act upon Korean problem we would regard it as premature and prejudicial US interests to enter into final and irreversible stages troop withdrawal at this time;

2. Reduction forces shd therefore be suspended accordingly pending further developments GA;

3. USDel will endeavor obtain action in GA which will establish satisfactory conditions early US withdrawal, prior final implementation of which question definitive termination occupation will in any event be reviewed by appropriate agencies here per State-Army agreement.

LOVETT

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<sup>1</sup> Signed by Lt. Gen. A. C. Wedemeyer, Director, Plans and Operations, not printed.

<sup>2</sup> Telegram Martel 109, November 6, 1 p. m., from Paris, stated: "Secretary concurs." (740.00119 Control (Korea)/11-648)

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S95.00/11-548

*Memorandum by the Director of the Office of Far Eastern Affairs  
(Butterworth) to the Under Secretary of State (Lovett)*

CONFIDENTIAL

[WASHINGTON,] November 5, 1948.

Subject: Draft Resolution on Korea <sup>1</sup>

There is attached for your approval a draft resolution on Korea which has received informal clearance from FE, O, UNA, EUR, and L, and from General Wedemeyer for the Army.

It is proposed that this text, which represents certain revisions by a Departmental working group of a draft submitted by the United

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<sup>1</sup> For text sent on November 8, see p. 1321.

States Delegation to the General Assembly,<sup>2</sup> be approved for transmittal to the Delegation as a basis for negotiation with other delegations on this subject, it being understood that the Delegation will have a reasonable margin of discretion in coordinating this draft with the views of other delegations, but that any substantive changes in its text will be cleared with the Department.

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<sup>2</sup> See U.S. delegation position paper, October 22, p. 1315.

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895.20 Mission/11-548: Telegram

*The Special Representative in Korea (Muccio) to the Secretary of State*

RESTRICTED      PRIORITY

SEOUL, November 5, 1948.

186. Cite Zpol 12916. Following from President Rhee November 2:

"Dear Ambassador: I take the honor to inform you that it is the desire of the government of the Republic of Korea to make a formal request to the Government of the United States to establish a military and naval mission in Korea now. They deem it advisable for the following reasons:

"The former constabulary of 50,000 men, now serving as the National Defense Army, is entirely inadequate in number. Reports, as well as rumors, are widely circulating to the effect that the Communist uprisings, similar to those of the recent disturbances in the south, are scheduled to break out in various cities during the winter and early spring. While the government forces are sufficient to safeguard the peace and order, an additional force of 50,000 men will create at least a moral effect in preventing any untoward attempt by the subversive elements. A military mission will be of great service in forming, training, and equipping the necessary additional force.

"The realization that an inadequate army exists for self defense against a large number of the Korean Red Army forces in the north, creates a feeling of insecurity among the people in the south and such a feeling of insecurity naturally encourages the Communist terrorists both in the north and south. A United States military and naval mission set up now will at once assure the public of its safety and protection.

"The formation and completion of a sufficient military force for national defense will remove the necessity of the retention of the United States security forces in Korea. Therefore, the sooner such a mission is in operation, the better it would be for both the United States and Korea.

"I hereby formally request the Government of the United States to take proper steps at the earliest possible moment to create a military and naval mission in Korea.

"Accept, Sir, the assurance of my continued high regard. Sincerely yours, (signed) Syngman Rhee, President".



My reply, after consultation with General Coulter, November 5, follows:

"Excellency: I have the honor to inform you in reply to your letter of November 2, in which you request the establishment of a military and naval mission in Korea, that the present Provisional Military Advisory Group will continue to advise and assist the Government of the Republic of Korea in the development of the Korean security forces now in being.

"Your suggestion that the Government of the Republic of Korea create an additional force of 50,000 men for the National Defense Army to be trained and equipped with the assistance of the United States, and your formal request that the United States establish a military and naval mission in Korea, are being transmitted to my government for consideration and reply.

"General Coulter is submitting recommendations to CSGPO in which I concur."<sup>1</sup>

MUCCIO

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<sup>1</sup> General Coulter's telegram Zgct, November 6, from Seoul, among other things, recommended against a formal military agreement at the present, proposed redesignating the military advisory group to be the U.S. Military Mission to the Republic of Korea, and stated the Korean constabulary could reach a satisfactory state of training by December 31. (740.00119 Control (Korea)/11-648)

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895.00/11-548

*Draft Resolution on Korea for the United Nations General Assembly*<sup>1</sup>

CONFIDENTIAL

THE GENERAL ASSEMBLY,

*Having regard to* its Resolution No. 112 of November 12 [14], 1947 concerning the problem of the independence of Korea;

*Having considered* the report of the United Nations Temporary Commission on Korea (hereinafter referred to as the "Temporary Commission"), submitted in accordance with paragraph 5 of Part II of the said Resolution, and having considered also the report of the Interim Committee regarding its consultation with the Temporary Commission;

*Taking note* of the fact that elections were held in Korea on May 10, 1948, in pursuance of the Resolution of November 14, 1947 and under the observation of the Temporary Commission, and that on the basis thereof the Government of the Republic of Korea has been constituted and has assumed the exercise of effective jurisdiction in that part of

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<sup>1</sup> Text as of October 29 was cleared in the Department and sent in telegram Gadel A 14, November 8, to Paris (501.BB Korea/11-848).

Korea where the Temporary Commission was in a position to observe and consult and where a majority of the Korean people reside;

*Mindful* of the fact that due to difficulties referred to in the report of the Temporary Commission, the objectives set forth in the Resolution of November 14, 1947 have not been fully accomplished;

(1) *Approves* the reports of the Temporary Commission and the Interim Committee;

(2) *Resolves* that the Government of the Republic of Korea is a lawful government deriving its authority from the will of the people expressed in accordance with the principles established by the Resolution of November 14, 1947; that it is the only such government in Korea; and that it is entitled in these respects to be regarded as the Government envisaged in the Resolution of November 14, 1947;

(3) *Further resolves* that, as a means to the full accomplishment of the objectives set forth in the Resolution of November 14, 1947, a Commission on Korea be named to continue the work of the Temporary Commission and to carry out the recommendations contained in this Resolution, with authority to travel, consult, and observe throughout Korea; and in this connection

*Requests* the Secretary-General [or the President of the General Assembly] to nominate a panel of member states, from among which the General Assembly may select the membership of the Commission on Korea (hereinafter referred to as the "Commission");

(4) In furtherance of the purposes of the Resolution of November 14, 1947, and having in mind the status of the Government of the Republic of Korea as herein defined by the General Assembly;

*Recommends:*

(a) That the Commission seek to facilitate the removal of existing barriers between regions within Korea;

(b) That the Commission lend its good offices to bring about the participation in the Government of the Republic of Korea of the Korean people residing in those parts of Korea which were not accessible to the Temporary Commission;

(c) That the Commission seek to facilitate the integration under the authority of that Government of all Korean security forces and the dissolution of all military or semimilitary formations not so included;

(d) That the occupying Powers withdraw their armed forces from Korea as early as practicable and, if possible, within ninety days; that the Commission, as circumstances may require, either observe the actual withdrawal of such armed forces, or verify the fact of withdrawal if such has occurred; and that the Commission, if it so desires, request the assistance in this connection of military experts of the two occupying Powers;

(5) *Decides* that the Commission:

(a) *Shall*, within thirty days after the General Assembly shall have determined its membership, commence its work at Seoul, which shall be the seat of the Commission;

(b) *Shall* thereupon be regarded as having superseded the Temporary Commission established by the Resolution of November 14, 1947;

(c) *Shall determine* its own procedures;

(d) *May consult* with the Interim Committee (if it be continued) with respect to the application of this resolution in the light of developments;

(e) *Shall render* a report to the next regular session of the General Assembly and to any prior special session which may be called to consider the subject matter of this resolution, and shall render such interim reports as it may deem appropriate to the Secretary-General;

(6) *Requests* that the Secretary-General assign to the Commission on Korea adequate staff, including such technical advisers as the Commission may decide that it needs;

(7) *Calls upon* Member States concerned, the Government of the Republic of Korea, and the Korean people to afford every assistance and facility to the Commission in the fulfillment of its responsibilities;

(8) *Calls upon* Member States to refrain from any acts derogatory to the results achieved and to be achieved by United Nations action in the attainment of Korean independence and unity; and

(9) *Recommends* to Member States that they consider favorably the according of recognition to the Government of the Republic of Korea.

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740.00119 Control (Korea)/11-948: Telegram

*The Special Representative in Korea (Muccio) to the Secretary of State*

CONFIDENTIAL

SEOUL, November 9, 1948.

194. Cite Zpol 1876. Pass Paris GADel for Jacobs.<sup>1</sup> Following message from President Rhee to Chang Myun, Korean delegation Paris: "Due to recent uprising and also to continued propaganda stories coming from north, people feel nervous for fear that Red Army might march down south moment the American forces pull out. If necessary make formal appeal to UN Assembly to adopt resolution requesting US to retain even a token force in south for time being".

MUCCIO

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<sup>1</sup> This was done the same day.



501.BB Korea/11-448

*The Assistant Secretary of State for Occupied Areas (Saltzman) to the Director of Plans and Operations, Department of the Army (Wedemeyer)*

TOP SECRET

WASHINGTON, November 9, 1948.

DEAR GENERAL WEDEMEYER: I have received your letter of November 4, 1948,<sup>1</sup> referring to Under Secretary Draper's letter of August 28, 1948<sup>2</sup> in which it was stated that "the Department of the Army will notify the Department of State shortly in advance of the time when in its opinion the reduction of forces in Korea if continued further would make impossible the successful continuation of the occupation mission". In pursuance of that undertaking you state in your letter that, for reasons which you cite, November 15, 1948 is the date by which the Department of the Army should know whether or not to continue the withdrawal of troops from Korea as planned.

It is the view of the Department of State in this regard that it would be premature and prejudicial to the interests of the U.S. to enter into the final and irreversible stages of troop withdrawal from Korea before the UN General Assembly has had an opportunity at its present session to consider and take action upon the Korea problem. Pending such action by the General Assembly, this Department consequently believes that the reduction of forces now being carried out in Korea should not be permitted to progress beyond the critical point referred to by Mr. Draper in his above quoted letter.

For its part, the U.S. Delegation to the General Assembly will make every effort to secure action in the General Assembly which will establish satisfactory conditions for early troop withdrawal. It is assumed that prior to the implementation of the final phases of the withdrawal plan the question of the definitive termination of the occupation will in any event be reviewed by the appropriate agencies here as envisaged in paragraph III F of the coordinated State-Army message set forth in WARX 88336 of August 27, 1948 to the Commanding General, U.S. Army Forces in Korea.<sup>3</sup>

In the meantime it is clearly not possible to provide any specific confirmation with respect to the date of termination of the occupation, a fact which need not, however, affect existing plans for the assumption of economic aid responsibilities in Korea by the Economic Cooperation Administration.

Sincerely yours,

CHARLES E. SALTZMAN

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<sup>1</sup> Not printed.

<sup>2</sup> See footnote 4, p. 1286.

<sup>3</sup> Not printed, but see memorandum of September 8, p. 1298.

501.BB Korea/10-2748 : Telegram

*The Acting Secretary of State to the Embassy in France*

SECRET

WASHINGTON, November 11, 1948—3 p. m.

Gadel 455. CINCFE tel Cx-65199 Nov 6 to Dept Army quotes fol comments CGUSAFIK re remarks on training Korean security forces contained Delga 506, Oct 27 : <sup>1</sup>

"Despite interruption training caused by recent revolt, it is considered here Korean constabulary can reach satisfactory state of training by 31 Dec. This revises our previous estimate of completion training by 1 Dec. Korean CG and Natl Police considered adequately trained in their functions. Plans here provide for rapid and aggressive program of recruitment, training and indoctrination of constabulary troops. Recent revolt constituted test of loyalty of constabulary as whole, and revealed that overwhelming mass of troops can be relied upon to support govt. Constant measures being taken to weed out subversive elements. This is problem that must be solved by Korean Govt, and is typical situation that exists similarly to more or less degree in CG and Natl Police."

LOVETT

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<sup>1</sup> Latter not printed.

740.00119 Control (Korea)/11-1248 : Telegram

*The Special Representative in Korea (Muccio) to the Secretary of State*

[Extracts]

SECRET PRIORITY

SEOUL, November 12, 1948.

197. Cite Zpol 1884. Subject is estimate future prospects Korean Government.

[1.] Remytel 180, November 3,<sup>1</sup> reporting psychological attitude Korean people and government, time has come for making balance sheet favorable and unfavorable trends Korea as basis estimate ability Korean Republic maintain independent existence. Believe consideration timely in view disorders South Korea and reopening question retention occupation troops United Nations.

2. Few favorable aspects situation are mostly of economic nature.

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5. Military intelligence estimates of North Korean armed strength conclude north capable victory if civil war breaks out. This more certain if Korean units Chinese Communist Army made available supplement North Koreans which probably more likely now in view

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<sup>1</sup> Not printed.

Chinese Communists' Manchurian successes. Fear North Korean invasion South Korea increasing with reports North Korean troops concentrating area between 38 and 39 parallel. Some rumors intimate invasion regardless occupation United States troops South Korea on theory American will not interfere. Others indicate invasion when American withdrawal (now hardly secret) completed. Possible however invasion may await spring weather and may take form rescuing "democratic elements" South Korea after Communists attempt instigate nationwide uprisings. Any event, invasion is logical step after withdrawal Soviet troops, after ostensible end Soviet responsibility, and after repeated brazen assertions over Pyongyang radio of authority "Democratic People's Republic" over whole nation and of intention exercise same.

6. Net conclusion is that immediate situation presents grave picture. Paragraphs 3, 4, and 5 indicate incompetent government without strong public support and adequate security forces faced with prepared rebellious Communist internal elements and superior hostile external military force. Paragraph 2 indicates long-term factors on which relatively stable economy might be built and which might provide, given period peace, incentives for development stable independent government. Very fact that this possible suggests Soviets may attempt eliminate Korean Republic before ameliorating factors have chance be felt. It seems clear therefore that only continued presence United States occupation troops can give Korean Government period of grace improve internal condition. It understood here long term retention US Army no panacea Korean trouble. However, believe under existing conditions only army presence guarantees minimum Korean external and internal security which is indispensable for any attack basic policy and economic problems and for success economic rehabilitation program.

7. Foregoing is not intended indicate permanent presence United States Army necessary preservation Korean Republic. Believe rather that completion US troop withdrawal as presently scheduled would come at inopportune time when situation still very much in state flux. Postponement final troop evacuation several months would allow appraisal following:

A. Actions, strength, and intentions North Korean régime and South Korean Communists following final Soviet troops withdrawal.

B. Better preparation South Korean forces to assume responsibility for internal and external security.

C. Adjustment American and Korean Governments to whatever decision results from United Nations discussions.

D. Korean sentiment for drastic shake up present government South Korea has been growing ever since appointment initial Cabinet and is overwhelming since recent rebellion. Only Assembly reluctance take



action before Korean question considered United Nations has delayed consideration constitutional amendments which would clip President's power and set up responsible Cabinet system. If present soul-searching and stock-taking following weaknesses revealed by Yosu revolt culminate in beneficial government changes combined with cessation feuding among non-Communist factions, and with appreciation need work together to prevent Communists from destroying them piecemeal, government may pull through. Cooperation [against] Communists is more essential than more armament, more troops and retention US Army, frenzied appeals for which have been received from President and Prime Minister since Yosu revolt. It is probable foregoing government changes will be unfolding about time of scheduled troop withdrawal. Postponement this action will allow further time push changes, appraise political and economic trends, and get ECA program underway.

8. Foregoing estimate of situation submitted for Department's information and consideration in light imminent UNGA discussion Korea problem in particular and in light present world situation in general. Coulter with whom have discussed foregoing is also submitting his comments.<sup>2</sup>

MUCCIO

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<sup>2</sup> Dated November 12, not printed. It noted that "Presence of US troops would have stabilizing effect locally", but that "decision must be made by higher authority in light all factors."

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501.BB Korea/11-1648: Telegram

*The Secretary of State to the Acting Secretary of State*

CONFIDENTIAL

PRIORITY

PARIS, November 16, 1948—9 p. m.

Delga 780. Following is text of draft resolution on Korea worked out on tentative basis with Plimsoll of Australian delegation, with Evatt's approval, as suggested joint US-Australian resolution. Comments will follow in subsequent telegrams.

"The GA

"Having regard to its resolution No. 112 of November 14, 1947, concerning the problem of the independence of Korea:

"Having considered the report of the UN Temporary Commission on Korea (hereinafter referred to as the "Temporary Commission"), and the report of the Interim Committee regarding its consultation with the Temporary Commission;

"Mindful of the fact that due to difficulties referred to in the report of the Temporary Commission, the objectives set forth in the resolution of November 14, 1947 have not been fully accomplished; and in particular that unification in Korea has not yet been achieved;

"(1) Approves the conclusions of the reports of the Temporary Commission;

"(2) Resolves that there has been established a lawful govt (the Govt of the Republic of Korea), having effective control and jurisdiction over the part of Korea where the Temporary Commission was able to observe and consult and in which the great majority of the people of all Korea reside; that this Government is based on elections which were a valid expression of the free will of the electorate of that part of Korea and which were observed by the Temporary Commission, and that this is the only such Government in Korea;

"(3) Recommends that the occupying powers withdraw their armed forces from Korea as early as practicable and, if possible, with[in] 90 days;

"(4) Resolves that, as a means to the full accomplishment of the objectives set forth in the resolution of November 14, 1947, a commission on Korea consisting of (five or seven member states) be established to continue the work of the Temporary Commission and carry out the recommendations, contained in this resolution, having in mind the status of the Government of the Republic of Korea as herein defined, and in particular too:

"A. Seek to facilitate the removal of existing barriers to commerce, travel and communications within Korea;

"B. Lend its good offices to bring about the unification of Korea in accordance with the principles laid down by the GA in the resolution of November 14, 1947.

"C. Seek to facilitate the integration under the authority of the Korean Government of all Korean security forces and the dissolution of all military or semi-military formations not included;

"D. Be available to assist the Korean people in developing representative forms of Government based on the freely expressed will of the people;

"E. Be available to assist the Korean people and Government to develop friendly relations with their neighbors;

"F. Observe the actual withdrawal of the occupying forces and verify the fact of withdrawal when such has occurred; and for this purpose, if it so desires, request the assistance of military experts of the two occupying powers;

"(5) Decides that the Commission;

"A. Shall, within 30 days of the adoption of this resolution, proceed to Korea, where it shall maintain its seat;

"B. Shall, thereupon be regarded as having superseded the Temporary Commission established by the resolution of November 14, 1947;

"C. Shall have the right to travel, consult and observe throughout Korea;

"D. Shall determine its own procedures;

"E. May consult with the Interim Committee (if it be continued) with respect to the application of this resolution in the light of developments, and within the terms of this resolution;

"F. Shall render a report to the next regular session of the GA and to any prior special session which might be called to consider the subject matter of this resolution, and shall render such interim reports as it may deem appropriate to the SYG for distribution to members;

"(6) Requests that the SYG provide the commission with adequate staff and facilities, including technical advisers as required;

and authorizes the SYG to pay the expenses and per diem of a representative and an alternate from each of the states members of the commission;

“(7) Calls upon member states concerned, the Government of the Republic of Korea, and all Koreans to afford every assistance and facility to the commission in the fulfillment of its responsibilities;

“(8) Calls upon member states to refrain from any acts which might impede or frustrate the efforts of the UN to achieve Korean independence and unity; and

“(9) Recommends that member states and other nations base their relations with the Government of the Republic of Korea upon recognition of the facts set out in paragraph (2) of this resolution.”

MARSHALL

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501.BB Korea/11-1648 : Telegram

*The Secretary of State to the Acting Secretary of State*

SECRET      PRIORITY

PARIS, November 16, 1948—9 p. m.

Delga 781. Following are comments on draft resolution submitted in Delga 780:

That draft is result of collaboration between Plimsoll of Australia and Jacobs and Noble of USDel on persistent insistence Plimsoll that he had Evatt's approval to try to work out with us mutually agreeable draft resolution and that he felt such a resolution could be prepared. Plimsoll states this draft has Evatt's full approval and both propose that it be introduced as joint US-Australian draft and possibly with China also. Korea working group approves draft and feels it is desirable to present mutually acceptable joint draft as such would avoid much controversy among non-Soviet bloc delegates.

We feel that this draft is not so different from that approved Gadel 415, November 6<sup>1</sup> as to vitiate principles for which we stand. Also feel Gadel 415's approval of draft mentioned therein as "basis negotiation" gives authority proceed with Australians in introducing new draft as joint proposal provided Evatt gives aforementioned commitment.

Specific comments on texts of two drafts follow:

Paragraph 3 Department's draft has been deleted and substance incorporated in Paragraph 2 of new draft.

Paragraph 1 approving temporary commission and IC reports has been revised to approve only conclusion of reports of temporary commission. Australians argue that having voted against IC's resolution February 26 they cannot logically approve IC report; they feel that

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<sup>1</sup> Not printed.



approval UNTCOK's conclusions and reference to IC report in second paragraph of preamble of joint draft is adequate. We agree.

Paragraph 2 of joint draft relates to UN's attitude toward Government of Republic of Korea. Australians still strongly opposed to use of words "envisaged in the resolution of November 14". While joint draft weaker in this respect than Department's draft, revision seems acceptable when viewed in light other pertinent provisions of joint draft.

While Australians prepared accept our troop withdrawal as embodied joint draft, Chinese as well as Korean delegations may object reference to time element for withdrawal.

Substantive part Paragraph 4 is important because it provides continuance of a commission and contains important clause "having in mind the status of the Government of the Republic of Korea as herein defined" which as part of this introductory paragraph relates to all six subordinate paragraph[s] of paragraph 4. Australians definitely prefer seven man or five man commission. Also their idea that new commission should have represented thereon as many of present UNTCOK member states as can be persuaded to remain. From Department's standpoint note should be made of fact that joint draft drops "panel" idea as method of selection. Australians not keen on it.

Paragraph 4 (B) is best phraseology Australians could be persuaded to accept for bringing about unification. They prefer this general language to give new commission broader scope. Hence new draft somewhat weaker than Department's draft but in view of introductory part of Paragraph 4 and other pertinent sections, we consider this new phraseology acceptable.

Paragraph 4 (D) is Australian idea that this provision may be very helpful to commission in insisting upon "representative forms of government" in North Korea if it be permitted to function there. They first used word "democratic" for "representative" but were persuaded latter preferable.

Likewise Paragraph 4 (E) is Australian suggestion designed give strength to commission's function of promoting friendly relations with North Korea and possible future Communist states in Manchuria and North China rather than promoting "diplomatic" relations.

In 5 (E) Australians have insisted upon insertion of words "within the terms of this resolution" which we understand they feel will prevent IC from issuing instructions to commission beyond scope of proposed joint resolution.

Fiscal experts advise words added Paragraph 6 necessary enable SYG pay expenses and per diem of alternatives.

Paragraph 9 represents strongest statement to which Australians will agree on subject of recommending recognition of Government of Republic of Korea. While weaker than our draft we feel it does not

embarrass us because of Department's statement of August 12 and will permit us grant such recognition as may be decided.

Any comments Department may have should be communicated immediately.

MARSHALL

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501.BB Korea/11-1848 : Telegram

*The Special Representative in Korea (Muccio) to the Secretary of State*

RESTRICTED

SEOUL, November 18, 1948.

216. Cite Zpol 13320. Pass GADel, Paris.<sup>1</sup> Understand following message sent today via commercial radio to UNGA Chairman Evatt:

"On behalf of the members of the Korean National Assembly, I take pleasure in presenting to you the following resolution passed by the Assembly at its 106th session on November 17, 1948. 'Whereas the National Assembly and Government of the Republic of Korea were legally established through the general elections of May 10, 1948 in accordance with the resolution of the UN General Assembly of November 14, 1947 and that of its interim committee of February 26, 1948 and by the whole will of our Korean people, be it resolved unanimously that the members of the Korean National Assembly express their desire to request that the UN General Assembly will approve the Government of the Republic of Korea as the legal government of Korea, further resolved that we express our heartfelt appreciation for your untiring efforts for world peace.' Shin Ik Hi, Chairman Korean National Assembly." <sup>2</sup>

MUCCIO

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<sup>1</sup> This was done November 19.

<sup>2</sup> Telegram 244, December 2, from Seoul, reported a briefer resolution unanimously passed by the Korean National Assembly for the General Assembly at Paris (501.BB Korea/12-248).

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740.00119 Control (Korea)/11-1948 : Telegram

*The Special Representative in Korea (Muccio) to the Secretary of State*

CONFIDENTIAL

SEOUL, November 19, 1948.

219. Cite Zpol 1936. President Rhee today requested following message be transmitted from him to President Truman:

"In the light of the recent development in China, I should like to remind your Excellency, that the Korean people are deeply concerned over the reported withdrawal of the American troops from Korea soon. In view of the fact, that we do not feel our security forces adequate at this time to defend the country against a major onslaught from without and within, I have requested that a military and naval mission of the United States be established in Korea now, to help

train and equip our defense forces as fast as possible. The Communist successes in China have released large forces of the Communist Army for potential invasion of South Korea. Widely circulated, continued reports that the so-called People's Republic intends to remove from its 'temporary capital' in Pyongyang to Seoul indicate that the Communists are attempting to create alarm and panic among the people in the south. While recent planned uprisings in two southern districts have been crushed the remnants of the disloyal forces continue to disturb the peace by murder and arson, wherever possible. The loyal security forces are able to control these disloyal elements. But the recurrent outbreaks of organized assaults against the people is feared and the public may at any time lose hope and courage beyond the ability of the security forces to deal with.

I believe that the completion of organization of competent national defense forces can be achieved within a short time. Our failure to reach that objective sooner is due to the fact that the transfer of various departments of the government and properties which is still in progress requires time and the new government is only beginning to function. Disloyal elements which succeeded in infiltration into the constabulary in the period of its formation have not yet been entirely eliminated. Therefore, it is imperative that until the complete loyalty of all the defense forces is assured and until the defense forces are capable in dealing with any threat from without or within the country, the United States maintain an occupation force for the time being and establish a military and naval mission as a deterrent to aggression and consequent civil war."<sup>1</sup>

My comment on President Rhee's message follows in separate telegram.

MUCCIO

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<sup>1</sup> In telegrams 220, November 20, and 227, November 23, from Seoul, Ambassador Muccio reported a resolution adopted by the Korean National Assembly on November 20 by a vote of 88 to 3 "that it is necessary for American troops to remain in South Korea until establishment of defenses of Republic of Korea have been completed." Some opposition was subsequently expressed by members who either withdrew or issued statements. (740.00119 Control (Korea)/11-1948, 11-2348) Telegram 232, November 27, from Seoul, reported a message from the Korean Foreign Minister to the Secretary of State, stating that the Government at Seoul on November 22 had voted to request postponement of U.S. military withdrawal until Korea "is ready in military preparation for her own defense." (740.00119 Control (Korea)/11-2748)

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740.00119 Control (Korea)/11-1948: Telegram

*The Special Representative in Korea (Muccio) to the Secretary of State*

CONFIDENTIAL      PRIORITY

SEOUL, November 19, 1948.

222. Cite Zpol 1941. Following is my comment concerning current agitation retention US troops Korea culminating in Rhee cable President Truman (remytel 219, November 19).



1. Jolt over Yosu uprising, accentuated by Communist successes North China, has made Koreans fearfully aware indications of preparations US Army withdrawal. Past two weeks, Rhee has sought almost daily some statement from me that US Army not withdrawing. This clamor now taken up by Assembly and press.

2. Gen. Coulter and I have repeatedly emphasized to President, Prime Minister, and Minister Home Affairs that Korean security forces 50,000 constabulary, 35,000 police, and 3,000 coast guard are capable maintaining internal order. We have pointed out that first need today is for calm confidence and for constant awareness all non-Communists whether in or outside government that Communists are real enemy. Coulter and I repeated Rhee today that US position is same as outlined Department's statement September 20 (Deptel 35, September 20), and pointed out that increasing effectiveness Korean security forces makes possible certain reshuffling American forces this area. Final US determination timing and circumstances definite withdrawal Korea, however, will not crystallize until after UN consideration Korean question. I assured Rhee US had no intention abandon Korea and expressed confidence both UN and US appreciated need sufficient time train Korean security forces. I dare not go beyond such generalizations lest Rhee, in one of his emotional moments, blurt forth that I said we are not withdrawing, thus playing into hands Pyongyang and Moscow.

Pass GADel Paris.<sup>1</sup>

MUCCIO

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<sup>1</sup> This was done November 20.

895.00/11-2048

*Memorandum by the Adviser, United States Delegation, United Nations General Assembly (Jacobs) to the Secretary of State, at Paris*<sup>1</sup>

SECRET

[PARIS,] November 20, 1948.

The officials of the New Government at Seoul are very much upset over developments in China and appear to be somewhat terrified over the thought of the withdrawal of United States troops.

I am attaching the texts of two telegrams which the Chief of the Korean Delegation has received from Seoul on this subject, together with the text of a message which he despatched yesterday to President Rhee.<sup>2</sup>

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<sup>1</sup> Initialed by the Secretary of State.

<sup>2</sup> None printed.

I am bringing the matter to your attention on the eve of your departure for Washington because I believe that the question of either delaying the complete withdrawal of U.S. troops or the leaving of a larger military advisory group in Seoul after withdrawal of troops, will be raised in Washington soon.

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501.BB Korea/11-2748 : Telegram

*The Secretary of State to the Special Representative in Korea  
(Muccio)*

CONFIDENTIAL

SEOUL, November 27, 1948—1 p. m.

144. For your confidential info pending introduction GA, GADel authorized participate joint introduction and sponsorship (Australians and Chinese are indicated co-sponsors) following text draft resolution Korea. Draft incorporates suggestions other delegations, largely Australian, and has encountered general acceptance (including Korean) outside Soviet bloc:

[For text of resolution, slightly revised, introduced by the United States, China, and Australia in Committee I on December 6, and adopted by the General Assembly on December 12 (U. N. Document A/788), see Department of State *Bulletin*, December 19, 1948, page 760.]

MARSHALL

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895.00/12-348 : Telegram

*The Special Representative in Korea (Muccio) to the Secretary  
of State*

SECRET

SEOUL, December 3, 1948.

256. Cite Zpol 2010. Diversionary elements from North Korea in increasing numbers have been entering Charwon province clandestinely recently. During past two weeks 200 arrests have been made.

Interrogation of prisoners indicates that approximately 80 percent of those arrested are members South Korean Labor Party, remainder North Koreans, that they have been indoctrinated in special political and propaganda school in Pyongyang area which has had an enrollment of nearly a thousand students, including some 50 women, and that guerrillas have been formed into battalions of three companies of approximately 60 men each. Equipment consists of Japanese rifles and ammunition with rations and money furnished by North Korea. Prisoners state that their mission is to get in contact with representatives of South Korea Labor Party and promote Communism through

recruiting of new members, by creating disturbances, and by perpetrating acts of violence.

Demonstrations reportedly scheduled for this week in South Korea have not materialized, and no significant incidents have been reported.

In Cholla Namdo police and constabulary broke up on November 19 at Kurye last important known group, and are in full control situation and are now mopping up and disarming remnants.

Cross-examination of captured agents reveals following objectives of North Korean authorities for territory of South Korea: (A) dissemination of North Korea Labor Party propaganda; (B) completion of Communist Party organization; (C) overthrow of Korean Government; (D) assassination of prominent rightists.

These items have been on Communist agenda since elections last May.

Collaboration between police and constabulary continues to improve and Korean security forces would appear able from now on to cope with guerrillas and agents from north, except an armed invasion.

Dept. pass GADel Paris.<sup>1</sup>

MUCCIO

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<sup>1</sup> This was done December 4.

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501.BB Korea/12-648: Telegram

*The Acting United States Representative at the United Nations  
(Dulles) to the Secretary of State*

RESTRICTED

PRIORITY

PARIS, December 6, 1948—8 p. m.

Delga 1080. Committee I held two sessions December 6 on Korea.<sup>1</sup> At opening, UK delegate proposed ItCol question be heard before Korean but after some discussion withdrew his suggestion. US delegate then proposed UNTCOK *rapporteur* be heard but chairman decided proceed with Czech resolution, inviting representatives North Korean régime, to which proposal Chinese resolution for seating delegation of Government of Republic of Korea became joined during debate. Delegates of fifteen states took part in debate but only Soviet bloc spoke in favor hearing North Korean representatives.

Vote on hearing North Korean representatives was 6 for to 36 [34] against with 8 abstentions.

Vote for seating delegation from Seoul was 39 for to 6 against with 1 abstention.<sup>2</sup>

Repeated Seoul for Muccio as Paris 14.

DULLES

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<sup>1</sup> See bracketed note, p. 1334.

<sup>2</sup> For statement in Committee I by Mr. Dulles on December 7, see Department of State *Bulletin*, December 19, 1948, p. 758.



501.BB/12-948: Telegram

*The Acting United States Representative at the United Nations  
(Dulles) to the Secretary of State*

RESTRICTED

PARIS, December 9, 1948—11 a. m.

Delga 1127. Reference Delga 1117, December 8.<sup>1</sup> At last night's session December 8, Committee I approved joint Australian-Chinese-United States draft by vote 41 to 6 (Soviet bloc) with 2 abstentions. Soviet draft resolution voted down 42 to 6 with 3 abstentions.

In view fact both El Salvador and Syria have recently expressed strong desire continue serve on Korea Commission and of danger not having any resolution if debate were precipitated on question composition of future commission, it was decided to continue present commission. This accomplished by inserting in the blank in paragraph 4 of joint resolution following words: "same member states as composed United Nations Commission on Korea".

In foregoing connection Canada and France, while voting for this addition, reserved right in General Assembly to propose smaller commission which would permit both of them to withdraw.

As is known, Canada has always preferred not to be represented. Position of France at present seems to be if Canada withdraws France likewise prefers not to be represented. However, as there is possibility General Assembly may not have time vote on resolution approved by Committee I, both countries are prepared abide by provisions new resolution pending General Assembly consideration at some later date.<sup>2</sup> Suggest would be helpful to Seoul if summaries Committee I deliberations on Korea found in routine unclassified GADel daily summaries be communicated to Muccio in Seoul.

Repeated to Seoul for Muccio as 20.

DULLES

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<sup>1</sup> Not printed.

<sup>2</sup> Telegram Gadel 733, December 10, 8 p. m., advised Mr. Dulles that "Dept earnestly hopes action on Korea resolution can be taken by GA plenary before adjournment." (501.BB Korea/12-1048)

501.BB Korea/12-1248: Telegram

*The Acting United States Representative at the United Nations  
(Dulles) to the Secretary of State*

RESTRICTED

URGENT

PARIS, December 12, 1948—11 p. m.

Delga 1171. GA considered Korea question for 2 hours early hours Sunday morning and 2 more hours Sunday afternoon, December 12. While at one time feared no decision would be reached and matter

carried over to split session in April, joint Australia-China-US draft resolution was finally approved by vote of 48 for, 6 against (Soviet bloc) and 1 abstention (Sweden). Three delegations were absent: Guatemala, Panama and Saudi Arabia.

Canadian resolution that new commission consist of Australia, China, El Salvador, France, India, Philippines and Syria (thus eliminating Canada and Ukraine) was approved 42 to 0 with 3 abstentions. Thus Paragraph 4 of joint resolution is amended by deletion of words "the same member states of the UN temporary commission on Korea" and replacing them by names of 7 countries mentioned above.

Soviet resolution to abolish UNTCOK was defeated by vote of 46 to 6 with no abstentions.<sup>1</sup>

Sent Department, repeated Seoul.

DULLES

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<sup>1</sup> For UN GA record on December 11-12, see United Nations, *Official Records of the General Assembly, Third Session, First Part, Plenary Meetings*, pp. 1006-1043.

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501.BB Korea/12-1348 : Telegram

*The Acting United States Representative at the United Nations  
(Dulles) to the Secretary of State*

RESTRICTED

PARIS, December 13, 1948—3 p. m.

Delga 1179. For Butterworth from Rusk. Overwhelming Assembly vote on Korea starts South Korea off with as much political and moral backing as can be mobilized through UN. Apart from Korea, believe Korean case in Assembly has contributed to more friendly relations between Far Eastern peoples and the U.S. Since Jacobs goes direct to new post from here, believe you will wish to express Department's appreciation for his invaluable work here on this case. [Rusk.]

DULLES

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740.00119 Control (Korea)/12-1748

*Memorandum by the Chief of the Division of Northeast Asian Affairs  
(Bishop) to the Director of the Office of Far Eastern Affairs  
(Butterworth)*

TOP SECRET

[WASHINGTON,] December 17, 1948.

Attached is a draft of a memorandum which Niles Bond and I have prepared for your consideration. We would suggest that it be a memorandum from you to the Acting Secretary.

## [Annex]

*Draft Memorandum Submitted to the Director of the Office of Far Eastern Affairs (Butterworth)*

TOP SECRET

In my memorandum of December ——— it was concluded that the complete withdrawal of U.S. forces from Korea at this time would seriously jeopardize the security and stability of the Government of the Republic of Korea, and that such withdrawal should therefore be further postponed. The object of the present memorandum is to set in motion, as a necessary condition precedent to a final decision regarding withdrawal from Korea, a careful review of the conclusion set forth in NSC-8, approved by the President on April 8, 1948, that the U.S. should withdraw its forces from Korea "as soon as possible with a minimum of bad effects". In undertaking such a review it is essential that U.S. policy in Korea be examined as part of an overall Pacific policy based upon the fundamental national objectives as well as the security requirements of the United States in the Far East as a whole.

There could be little disagreement with the thesis that United States troop withdrawal from Korea should be carried out as promptly as possible if it were certain that such withdrawal would in no way contribute to the expansion of a hostile communist politico-military power system in northeast Asia. Until such a certainty exists, however, it is inescapable that the question of withdrawal from Korea must be linked to the larger question of the probable repercussions of such withdrawal throughout northeast Asia on the national objectives and the security position of the United States in the Pacific area.

Should communist domination of the entire Korean peninsula become an accomplished fact, the islands of Japan would be surrounded on three sides by an unbroken arc of communist territories with the extremities of the Japanese archipelago virtually within gunshot range of Soviet positions in Sakhalin and the Kuriles in the northeast and communist positions in southern Korea in the southwest.

In such an eventuality we could anticipate an intensification of efforts to bring Japan within the sphere of communist power, with the communists making full use of the enticement value of the economic resources at their command, of the political persuasiveness of the increasing number of communist governments in Asia and Europe, and of the familiar psychological appeal to "brother Asiatic and comrade". In the face of such a situation we could further anticipate that we would be confronted with increasing difficulties in attempting to hold Japan within the United States sphere and to deny Japan to the communist power system.



The Japanese are mature politically and can be expected to make the most of the bargaining power of their position on the front line between the United States and the USSR. With the abandonment or the loss of all of Korea to the communist power system the United States would have lost its last friends on the continent in northeast Asia and there would develop immediately among the Japanese an even greater uneasiness flowing from their exposed position. It would be increasingly difficult under continued military occupation to get the Japanese to exert their utmost toward economic recovery. It is almost certain that over a period of years the United States could not maintain its power and influence in Japan under developing conditions of such a character without constantly increasing effort. Economic burdens would continue to mount. The Japanese people would become increasingly restive in forced acceptance of subsidy and charity and would develop added resentment toward military occupation. While it may perhaps be feasible to deny Japan to the communist power system through continued military occupation of Japan, such can hardly be considered a satisfactory or enduring solution to the attainment of basic United States objectives or to the preservation of the security interests of the United States in the Pacific. Similarly, the maintenance of United States troops in Korea can hardly be considered a satisfactory or permanent solution of the same questions.

While it must be recognized that the continued presence of U.S. forces in Korea entails the risk of our being forced to choose between military involvement and precipitate withdrawal, it is believed that there should be weighed against this risk the value to be gained from denying south Korea to the communists in the interim. It must be recognized too that the retention of U.S. troops in Korea will force the U.S. to undertake expensive and thankless tasks of combatting communist attacks ranging from psychological to guerilla warfare and will confront the U.S. with problems which are both onerous and burdensome. However, it may be that failure to face up to these problems in Korea could eventually destroy U.S. security in the Pacific.

It is believed that the United States cannot withdraw its forces from Japan except as a concomitant part of a successful program designed to force the withdrawal of communist politico-military power and to develop in non-Soviet northeast Asia a group of independent peoples operating as sovereign entities who, on an economically viable basis, are capable of successfully resisting communist expansion. The development of such a program might well be rendered impossible by the premature withdrawal of U.S. troops from Korea. While the United States cannot assure the attainment of its basic objectives or its perma-

ment security in the Pacific by remaining indefinitely in military occupation of Japan or keeping United States garrison forces in Korea, it must at the same time be re-emphasized that if the communist power system were successful in consolidating its control of northeast Asia including Japan, the United States security position in the Pacific would be breached and the attainment of our objectives impossible.

In northeast Asia there is one of the four or five significant power centers of the world. The power potential of northeast Asia is enormous. It would be foolhardy to imagine that any power system, and especially the communist politico-military system, would be unaware of the potential power of the resources and population of this area, or would fail to make strong efforts to obtain and consolidate control thereof.

Japan is the industrial heart of the area. According to recent estimate, there will be 120,000,000 Japanese by 1970. It is obvious that control of Japan would, for the foreseeable future, be the greatest single prize which the communist power system could obtain in Asia by adding to that system one of the few important power centers of the industrial world.

With the expansion of this hostile communist power system in Asia, and with the probability, if not certainty, that Japan is a target of prime importance to world communism, it is imperative to examine the questions (a) whether communist expansion in northeast Asia has already reached the point at which the security interests of the United States require positive efforts to prevent further expansion; (b) whether the communist power system, already brutally frank and outspoken in its hostility to the United States, must be caused to draw back from its present extensive holdings; and (c) whether the United States can afford to allow further advances, continuing measures designed merely to retard those advances.

It is in the light of the foregoing bare outline of an extremely complicated and important situation that United States policy toward Korea should be re-examined with a view to determining in the light of the national security of the United States whether the present program for the withdrawal of United States forces from Korea should or should not be re-affirmed and in the light of that decision, to determine the broad outlines of future U.S. objectives vis-à-vis Korea.

#### *Recommendations:*

1. It is recommended that the Department place before the National Security Council a request that, as a matter of urgency, the decisions taken in NSC-8 be reviewed.

740.00119 Control (Korea)/12-2148 : Telegram

*The Special Representative in Korea (Muccio) to the Secretary of State*

CONFIDENTIAL

SEOUL, December 21, 1948.

300. Remytel 289, December 15,<sup>1</sup> following text reply sent Soviet Command North Korea by General Coulter concerning closing respective liaison offices:

"Dear General Merkulov: I have received your letter of 14 December 1948 stating that you will recall the Soviet liaison officers at my headquarters on 25 December 1948 and requesting that I recall the American liaison officers at your headquarters.

I propose to send a train to Pyongyang on 22 December 1948 and have it return with my liaison officers and all their household and personal equipment on 24 December 1948.

I request that you furnish my liaison officers such assistance as will be necessary to enable them to properly pack, transport to the railroad station, and load their equipment."

Subsequent Soviet reply indicated our departure schedule unsatisfactory and revised arrangement calls for crossing parallel by both respective liaison officers' trains December 25.<sup>2</sup>

MUCCIO

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<sup>1</sup> Not printed.

<sup>2</sup> In airgram 68, December 23, from Seoul, an exchange of letters between Generals Merkulov and Coulter in regard to assignment of a custodian of Soviet property at Seoul was quoted, in which General Coulter on December 22 stated that the matter concerned the Government of the Republic of Korea with which the Soviet authorities should deal directly. (740.00119 Control (Korea)/12-2348)

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501.BB Korea/12-2248

*The Under Secretary of the Army (Draper) to the Assistant Secretary of State for Occupied Areas (Saltzman)*

TOP SECRET

WASHINGTON, 22 December 1948.

DEAR MR. SALTZMAN: On 4 November 1948, Lt General Wedemeyer, Director of Plans and Operations Division, requested the Department of State<sup>1</sup> to confirm the date of 15 January 1949 as the date for the completion of the withdrawal from Korea.

Your reply of 9 November indicated that "it would be premature and prejudicial to the interests of the U.S. to enter into the final and irreversible stages of troop withdrawal from Korea before the UN General Assembly has had an opportunity at its present session to consider and take action upon the Korean problem. It is assumed that

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<sup>1</sup> See Telmar 135, footnote 1, p. 1319.



prior to the implementation of the final phases of the withdrawal plan the question of the definitive termination of the occupation will in any event be reviewed by the appropriate agencies here as envisaged in paragraph III F of the coordinated State-Army message set forth in WARX 88336 of August 27, 1948, to the Commanding General, U.S. Army Forces in Korea.”<sup>2</sup>

Accordingly, the Department of the Army on the 15th of November directed General MacArthur as follows: “Pending receipt of authority to complete final phase withdrawal of United States Armed Forces from Korea you will retain in Korea for an indefinite period one regimental combat team, reinforced as you see fit, provided total force approximates but does not exceed 7500 personnel.”

In view of the favorable consideration of the Korean problem by the UN General Assembly on 12 December 1948, the Department of the Army believes that a firm decision should be made now to carry out that portion of the UN resolution on Korea which calls upon the United States and the Soviet Union to withdraw their occupying troops from Korea “as early as practicable”.

In support of the policy of early withdrawal from Korea, the following opinions are presented:

*a.* The NSC in a paper of 2 April 1948 advocated the withdrawal of occupation forces by 31 December 1948.

*b.* The National Military Establishment has previously determined that the U.S. has little strategic interest in maintaining its troops and bases in Korea and, in the event of hostilities in the Far East, these troops would constitute a military liability. The deterioration of the situation in the Far East lends added emphasis to the earlier views of the National Military Establishment.

*c.* General MacArthur, as recently as 4 December 1948, stated that “a small Army force in Korea . . . will be subject to possible destruction in event of a major attack on this vulnerable salient. The force . . . must be considered a liability rather than an asset.”<sup>3</sup>

*d.* The recently demonstrated ability of the South Korean security forces to cope with internal disorders minimizes the need for further retention of U.S. troops in Korea. The current mission assigned U.S. Forces prohibits involvement in actions precipitated by any faction in Korea or by any other power in Korea which could be considered a *casus belli* for the U.S.

*e.* In line with the policy advocated in NSC 8, the Army made no budgetary provision for the retention of troops in Korea beyond fiscal year 1949.

It is appreciated that the Government of the Republic of Korea has requested the retention of U.S. troops in Korea for a few months. How-

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<sup>2</sup> Not printed, but see memoranda of September 8 and November 9, pp. 1298, 1324, respectively.

<sup>3</sup> Omissions indicated in the original.

ever, it is believed that any commitment for the retention of troops beyond 15 January 1949, the planned date for the completion of the withdrawal, should be specifically delineated with respect to duration.

In consonance with the foregoing, it is now apparent that authority is necessary to confirm the present date or to re-establish a firm troop withdrawal date. Department of the Army plans including logistical and fiscal scheduling arrangements currently being implemented, must be altered accordingly and a mission established for troops remaining in Korea awaiting final withdrawal. It is requested that you agree to the initiation of withdrawal on 1 February 1949 of the Regimental Combat Team remaining in Korea and that the evacuation of this force be completed as early as practicable but not later than 31 March 1949.<sup>4</sup>

Sincerely yours,

WILLIAM H. DRAPER, JR.

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<sup>4</sup> In a memorandum of December 23 to the Acting Secretary of State, the Director of the Office of Far Eastern Affairs (Butterworth), referring to his memorandum of December 17 (see p. 1338), recommended "that you inform him that this question is one of such importance, carrying with it as it does such widespread implications, that it is not a matter which can be appropriately decided between two Government Departments and that it must be considered by the National Security Council and that you propose to place it before that body for urgent consideration." Notation by the Acting Secretary of State: "Not raised Dec 24th. Put it to NSC. L[ovett]". (740.00119 Control (Korea)/12-1348)

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501.BB Korea/12-2348 : Telegram

*The Special Representative in Korea (Muccio) to the Secretary of State*

SEOUL, December 23, 1948.

305. Remytel 297, December 20.<sup>1</sup> Following text further press statement issued by Korean Foreign Minister December 22.

"During the press interview on the 18th instant, my conversation has been misquoted in part and I regret to say that it gave out wrong impressions at home and abroad. What I emphasized was the necessity of enforcing the established authority of this government regardless of locality. Virtue of the United Nations recognition, the Republican Govt of Korea acquires the right to proclaim its authority over the whole Peninsula of Korea, including the islets which formerly belonged to this country.

Refusal to recognize this constitutes treason and therefore the Govt of the Republic of Korea has every right to enforce its law and prestige by every means it has under its command.

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<sup>1</sup> Not printed; it reported Foreign Minister Chang's press interview of December 18.

In the press report I was misquoted as having said something about 'civil war' and in another report it said something about using 'armed forces' against the people in the northern territory. These are far from being true. We have no intention of starting anything until the United Nations Commission on Korea makes judicial decision on the question of the unification of Korea, for which this government will provide every facility to fulfill the promised mission as conveniently as possible.

I may add that every Korean citizen living in the north must come within the jurisdiction of this government and no outside force of circumstance can dispute the sovereign right of the Republic of Korea".

MUCCIO

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740.00119 Control (Korea)/12-3048: Telegram

*The Special Representative in Korea (Muccio) to the Secretary of State*

SEOUL, December 30, 1948.

328. President Rhee issued following press release 29th in connection reports circulating Seoul to effect 7th Division transferred Japan and US Government contemplating early *de jure* recognition Government Republic of Korea :<sup>1</sup>

"My understanding was that a portion of the 7th Division was sent to Japan, leaving the remaining forces, together with the 24th Corps and other divisions, to help maintain security until Korea has formed a sufficient force for national defense. This is in accordance with the UN program for Korea, as I understand.

In addition to these forces, a Naval and Military Mission has been established in Korea in order to help train and equip the Korean National Army which is now in process of formation in addition to the constabulary.

We feel that our security is sufficiently safeguarded, and I believe that within a comparatively short time our national defense force will no longer need the presence of a large security force.

Regarding the separate recognition of the Republic of Korea by the United States of America soon after New Year's Day, with Ambassador Muccio as the permanent Ambassador to Seoul, is very welcome and highly gratifying. Although we have been expecting this, I am happy to say that the relationship which exists has been exceedingly cordial, as it should be, and we deeply appreciate the cooperation and friendship accorded us by Ambassador Muccio and General Coulter.

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<sup>1</sup> For President Truman's statement on recognition issued from the White House on January 1, 1949, see Department of State *Bulletin*, January 9, 1949, p. 59. The text was sent in telegram 206, December 30, 7 p. m., to Seoul, for release on January 1.



The Korean people will be happy to see their old friends General Dean and General [Helmick?], who have proved to be very sincere and honest friends of Korea, remain.

Let us remind you once again of the fact that in 1882 the United States led Korea out of its isolation into the family of nations, and once again it is the United Nations. Our people will remember it with a grateful heart for generations to come. We hope this relationship will prove beneficial to both nations."

MUCCIO

501.BB Korea/12-3148 : Telegram

*The Acting Secretary of State to the Special Representative in Korea (Muccio)*

SECRET US URGENT

WASHINGTON, December 31, 1948—7 p. m.

211. To meet requirements dictated by phraseology Public Law 793 it is proposed Executive Order on ECA-State takeover from Army [which not to be made public]<sup>1</sup> contain statement that as of date formal US recognition (Deptel 206 Dec 30<sup>2</sup>) US occupation Korea deemed to have terminated "within meaning of" that act. This statement, which designed solely to meet administrative technicality, intended refer fact that civil affairs and mil govt branches of occupation which have been responsible for adminis funds appropriated under that law have been or are being liquidated and that for that restricted purpose and insofar as that particular responsibility is concerned occupation may therefore be regarded as having come to an end.

This statement not intended imply any change in status US forces remaining Korea as governed by terms interim mil agreement signed Aug 24, which we assume will continue in effect as provided "until completion of withdrawal of US forces from Korea". Latter assumption reflected in further statement contained in Executive Order to effect that some US troops remain Korea at request Korean Govt "and under terms and conditions of agreement entered into between Govts of Republic of Korea and US on Aug 24."

Your attention is called to fact the Executive Order, which expected bear date Jan 1, is to be classified "Confidential". Dept particularly anxious this classification be preserved lest ref therein to "termination of occupation", even in ltd sense in which that term is used, give rise in Korea and elsewhere to misunderstanding and conjecture.

LOVETT

<sup>1</sup> Brackets as in original.

<sup>2</sup> See footnote 1, p. 1344.



## INDEX





# INDEX

- Abbey, Glen A., 76, 178, 289, 356  
 Abbott, George M., 25-27, 30-31, 36-42, 50-56  
 Abe, Genki, 937  
 Abundjani, Col., 105-106  
 Adair, Charles W., 290, 360  
 Adil Puradiredja, H., 273-275, 298, 483  
 Africa, Bernabe, 898  
 Ahn Chai Hong, 1132  
 Ahn Kaung Kern, 1170  
 Air Force (U.S.), Department of the, 853  
 Albania, 598, 1100, 1188  
 Alimin, 376, 447*n*  
 Allen, Dennis, 17  
 Allied Council for Japan:  
   Abolition of in event of peace treaty, 657  
   Country attitudes and positions: Australia, 3, 744, 756, 843-844, 849; British Commonwealth countries, 746, 795-796, 825, 841-843; China, 745, 747, 767-768, 825, 842; India, 744; New Zealand, 744; Soviet Union, 680-682, 745-746, 825-826, 839-840, 843, 944; United Kingdom, 744, 792, 795-796, 844; United States, 731, 779, 825-826, 839-841, 849, 860, 963  
   MacArthur views on, 700, 820, 825-826  
   Maritime Safeties Authorities Bill, 744-747, 773  
   Meetings, 743-747  
   National Public Service Law, 840-841, 843-844, 849, 851  
   Naval vessels, disposition of Japanese, 944, 963  
   Police force, Japanese, 819  
   Powers and functions, 680-682, 693, 825-826  
   Repatriation of Japanese, 664, 758-760  
   Terms of reference, 745-746, 796, 826, 1024  
   War claims and reparations, 989, 1008, 1016  
 Allison, John M., 722, 736-737, 742-743, 747, 760-766, 768-773, 796-797, 825, 909, 938-939, 991, 1023, 1085, 1113*n*, 1139-1141, 1143, 1145, 1157-1158, 1300  
 Amau, Eiji, 937  
 American Battle Monuments Commission, 18  
 American Cotton Manufacturers Association, 956  
 Anak Agoeng Gde Agoeng, 298, 335-336  
 Anderson, Gen. Jonathan W., 636-637, 639-640  
 Ando, Kisaburo, 937  
 Anglo-American Caribbean Commission, 96  
 Anglo-American consultations regarding the Far East, proposed, 782-783  
 Antarctica (*see also* Supreme Commander, etc.: Whaling expedition, etc.), claims to, 7, 11  
 Aoki, Kazuo, 937  
 Arab states, 598  
 Araki, Gen. Baron Sadao, 898, 901, 907  
 Arita, Hachiro, 901  
 Armour, Norman, 85-86, 88, 769-770, 1207  
 Army (U.S.), Department of the:  
   Far Eastern Commission, 824-825, 1036  
   Japan: Deconcentration program, 1025; economic recovery, 694, 734, 957, 968-969, 1011-1013, 1033-1035; economic stabilization program, 1066; industry (economic life) in, 973-974, 978, 1064; National Public Service Law, 851; occupation and control policies, 653, 659, 674, 706-708, 728, 764-765, 814, 821, 861, 866, 886-887, 909, 1041, 1063, 1075-1076; occupation costs, 948; U.S. policy toward, 727, 736-737, 742-743, 748, 775, 780, 853, 878-880, 924, 932-933, 938-939; war claims and reparations program, 710, 946, 973-974, 977-978, 983, 997, 999-1002, 1004-1006, 1010, 1015-1016, 1020-1021, 1030-1031, 1036, 1039-1040, 1044, 1065  
   Korea, ROK and South: Economic assistance, U.S., 1169, 1181, 1288-1289, 1293, 1297-1298, 1304-1305, 1313, 1345; military assistance, U.S., 1266; occupation costs, U.S., 1174; occupation forces, proposed withdrawal of U.S., 1138, 1140-1141, 1169, 1187-1188, 1200, 1225-1226, 1234-1235, 1272, 1277-1278, 1286, 1298-1299, 1319, 1324, 1342-1343; replacement of Gen. Hodge as Commanding General, USAF IK, 1192-1195; security forces, 1139-1141, 1303, 1325  
   Okinawa, military utilization of, 729

Army (U.S.), Department of the—Con.  
 Philippines, U.S. base rights in, 638–639  
 Arranz, Melecio, 1089–1090  
 Ashida, Hitoshi, 648, 665–667, 681, 834, 838–840, 851, 865, 867, 874, 916–919, 921  
 Atafu Island, U.S. claim to, 11  
 Atcheson, George, 822  
 Atherton, Ray, 801, 1079*n*, 1084  
 Auriol, Vincent, 26, 36–37, 55–56  
 Austin, Warren R., 106, 108, 129, 177, 415, 601, 1089, 1116, 1128–1129, 1134–1136, 1141, 1149, 1284  
 Australia (*see also* Supreme Commander, etc.: Whaling expedition, etc.: Protests by *and* Country, etc., *under* Allied Council for Japan; Far Eastern Commission; Korea: U.N. General Assembly; Korea: U.N. Temporary, etc.; Netherlands East Indies: U.N. Security Council; *and* Netherlands East Indies: U.N. Security Council Committee of Good Offices, etc.):  
 British Commonwealth, support for, 6  
 Communist party, 6, 8  
 Displaced persons, quota for, 3  
 Disputed islands, 1*n*  
 Far East Advisory Commission, member of, 926  
 Far East policy, 782–783  
 Japan (*see also* Japan: Occupation and control: British Commonwealth occupation forces *and* Country, etc., *under* Japan: U.S. policy toward; Japan: War claims and reparations: Japanese peace conference, etc.; *and* Japanese peace treaty, etc.): Australian policy toward, 3–4, 753; Australian trade negotiations with, 979–980, 994, 1041–1042, 1052–1053; most-favored-nation treatment of Japan, 1051, 1053  
 Japanese war crimes trials, number of, 808  
 Military installations in Southwest Pacific, disposal of, 1*n*  
 New Guinea, administering power for trust territory of, 3  
 New Zealand, relations with, 5–6, 9, 12–13  
 Okinawa and Ryukyu Islands, attitude toward U.S. interest in, 709  
 Soviet Union, Australian policy toward, 2, 6  
 Supreme Commander, Allied Powers, Japan, attitude toward, 4  
 Trade policies, 4–5  
 Treaty of friendship, commerce, and navigation between the United States and Australia, draft, 5  
 United Nations: Role in, 2–3, 7–8; Trusteeship Council, member of, 3

## Australia—Continued

United States: Base rights, 1*n*; policy toward, 1, 8; relations with, 1–8  
 War surplus materials, disposal of, 1*n*  
 Austria, 1012, 1034, 1213  
 Baeyens, Ferdinand Jacques M. G., 23–27, 29, 35  
 Bahrioem, 297  
 Baig, Mirza Osman Ali, 297, 892–894  
 Balfour, Sir John, 17–18, 769–770  
 Ball, W. McMahon, 795–796, 844  
 Bancroft, Harding F., 96, 108, 380, 394–395, 418*n*, 489*n*, 514*n*, 517*n*, 520*n*  
 Bane, David M., 1049–1054  
 Bao Dai, 21–26, 32, 34–35, 38–39, 41–42, 47, 52–53  
 Barco, James W., 108, 318–322  
 Barnett Robert W., 1033  
 Baruch, Herman B., 109–111, 186–189, 202–203, 231–232, 237–238, 263–265, 270, 298, 310, 313, 316–317, 331–332, 337–338, 367–368, 376–378, 380, 388–391, 393–394, 397–402, 415–416, 421, 435, 437–438, 442–444, 477–478, 484–488, 491–492, 550, 596–597, 604–606, 613, 620–623  
 Batchelder, Valetta, 582  
 Beaverbrook, Lord, 8  
 Beel, Louis Joseph Maria, 59, 61, 64–66, 77, 99, 244, 251, 285, 313, 367, 436, 443–444, 454, 471–475, 482–483, 485, 498, 503, 522, 553, 570, 572–574, 581, 606, 622  
 Belgium, 496  
 Benelux, 542  
 Bentinck, Baron A. W. C., 313  
 Berendsen, Carl, 823  
 Berger, David C., 743–747  
 Berlin blockade, negotiations concerning, 598, 1003–1004, 1272, 1277  
 Bernard, André, 906  
 Bevin, Ernest: Anglo-American consultations regarding the Far East, proposed, 782–783; Indonesian question, 383–384, 393, 401, 586*n*, 602–603, 605; Japanese peace conference, 647*n*, 842; Japanese peace treaty, 789–790; Korean question, 1079–1080, 1273  
 Bidault, Georges, 26, 29  
 Bihin, Paul F. E., 292  
 Binh, Pham Van, 41–42  
 Binnerts, Coert, 1244, 1281  
 Bishop, Max W., 892–894, 909, 938–939, 941–942, 1046–1049, 1061, 1063–1068, 1337–1340  
 Black, Eugene, 299, 324  
 Blakeslee, George H., 677  
 Bliss, Don C., 1302  
 Blom, Nico S., 277–278, 280, 282–283, 285, 308, 331, 336, 339, 343–345, 347–351, 446, 451, 454–457, 466, 476, 481–482, 508, 516, 522, 571



- Boggs, Samuel W., 687-689  
 Bohlen, Charles E., 297, 383-384, 688, 1276*n*  
 Bollaert, Claeys, 158  
 Bollaert, Émile, 21, 23-27, 29-35, 38-39, 41-42, 47, 50, 52*n*  
 Bond, Niles W., 1113-1114, 1239*n*, 1249*n*, 1257*n*, 1262, 1300-1301, 1309, 1337-1340  
 Bonnet, Henri, 29, 972-973, 989  
 Bonsal, Philip W., 75, 215-218, 237, 240, 270  
 Boon, Hendrik N., 215-218, 231-232, 235, 237-238, 240, 250-251, 310, 313, 316-317, 337-338, 420, 491-492, 494, 526-527, 530-531, 571, 579, 604, 620-623  
 Borton, Hugh, 656*n*, 685-687, 690-691, 722, 724-725, 741-742, 755-757, 761*n*, 954*n*  
 Boyer, J. P., 1018  
 Boyer de Latour du Moulin, Gen. Pierre, 25-26  
 Brackman, Arnold, 119, 200, 224, 233*n*, 248  
 Bradley, Gen. of the Army Omar N., 1192, 1194-1195  
 Brandis, Henry P., 83  
 Briggs, Maj. Richard C., 1117  
 British Commonwealth (*see also* Supreme Commander, etc.: British Commonwealth, etc., *and* Country, etc., *under* Allied Council for Japan; Japan: Occupation and control; Japanese peace conference, etc.; *and* Japanese peace treaty, etc.), 1, 3, 6, 9, 13, 113-114, 663-664, 752-754, 782, 784, 789, 791, 856, 1028, 1042-1044, 1050-1054  
 British Dominions, 720, 773, 1040-1041  
 British Empire, 1028  
 Budget (U.S.), Bureau of the, 957, 1292-1293, 1297  
 Budiardjo (Boediardjo), Ali, 184-185, 194, 197, 259, 274  
 Bulgaria, 598, 1100, 1188  
 Bullock, H. W., 747, 909  
 Bunce, Arthur, 1139, 1198-1200, 1232-1233, 1254-1255, 1268  
 Burma, 23, 27, 43, 135-136, 166, 180, 195, 292, 378, 537, 539, 559, 615, 753, 792, 952, 1043  
 Burton, J. W., 589-590, 1241-1242  
 Butler, George A., 775-776  
 Butler, Robert, 1104  
 Butterworth, W. Walton: Far Eastern Commission, 677-678, 741, 755-756, 760-762, 770-771, 773; Indonesian question, 91*n*, 218*n*, 238-240, 243-245, 248, 252, 266, 270-271, 277-278, 279*n*, 285*n*, 290-291, 296-297, 343-345, 347-351, 360-361, 364*n*, 365-367, 388, 401, 405-406, 550*n*, 568, 571-573, 578-579; Japanese peace conference, 685, 690; Japanese  
 Butterworth, W. Walton—Continued  
 peace treaty, 656*n*, 740*n*; Korean question, 1079*n*, 1092*n*, 1105, 1113*n*, 1134, 1137-1139, 1143-1145, 1192-1193, 1204-1207, 1211, 1248, 1266, 1276-1279, 1298, 1300*n*, 1309, 1319-1320, 1337-1338, 1343*n*; occupation and control of Japan, 649-653, 923-924, 1022-1024, 1026, 1061; Okinawa, disposition of, 722-723; U.S. policy toward Japan, 719-720, 727, 740, 751-752, 771-775, 782, 785, 788, 790-793, 796-799, 878, 923-924, 932-934, 938, 942*n*, 964; war claims and reparations from Japan, 962*n*, 975, 991-992, 1046, 1064  
 Byrnes, James F., 862, 893  
 Caffery, Jefferson, 23-27, 31-36, 52-53, 383, 586-588, 606-608, 611-612, 1104  
 Cairo Conference (1943), 1273  
 Cairo Declaration (1943), 879, 899, 1165, 1205, 1258  
 Campbell, Arthur, 372-374  
 Campbell, R. S., 1017  
 Canada (*see also* Country, etc., *under* Far Eastern Commission; Japan: U.S. policy toward; Japan: War claims and reparations; Japanese peace conference, etc.; Korea: U.N. General Assembly; Korea: U.N. Commission on Korea; *and* Netherlands East Indies: U.N. Security Council), 4, 753, 782-783, 926, 1053, 1079-1083  
 Canton Island, U.S. claim to sovereignty over, 16-18  
 Cargo, William I., 722-724  
 Carson, Joseph K., Jr., 1044  
 Catroux, Gen. Georges, 27  
 Cecil, Robert, 17-18  
 Central Intelligence Agency (U.S.), 853  
 Ceylon, 753, 979-980, 994, 1043, 1053  
 Chakravarty, B. N., 897  
 Chang Chun, Gen., 864  
 Chang Duk Soo, 1149  
 Chang, John M., 1314  
 Chang Ki Yung, 1270, 1285, 1314  
 Chang Kun Sing, 1126  
 Chang Myun, 1270, 1285, 1323  
 Chang Taik Song, 1269, 1270*n*, 1271, 1279, 1282-1283, 1285-1286, 1332*n*, 1343-1344  
 Chauvel, Jean, 31, 33-34  
 Cheju Island, 1163  
 Cheke, D. J., 950  
 Chiang Kai-shek, Generalissimo, 864, 926  
 Chifley, Joseph B., 783*n*  
 China (*see also* Country, etc., *under* Allied Council for Japan; Far Eastern Commission; Japan: U.S. policy toward; Japan: War claims and reparations; Japanese peace conference, etc.; Japanese peace

## China—Continued

treaty, etc.; Korea: Republic of Korea: Government: Recognition, etc.; Korea: U.N. General Assembly; *and* Korea: U.N. Temporary Commission on Korea):  
 British policy toward, 755  
 Chinese Communist activities, 479, 485, 523, 537, 887-888, 890, 1046-1049, 1101-1102, 1325-1326, 1331-1333  
 Elections, 1176  
 Far Eastern Advisory Commission, member of, 926  
 French Indochina, policy regarding, 27-28, 47-49, 51-52  
 Indonesian question, 109, 161, 380, 394-395, 562, 588, 598, 607  
 Japan, trade with, 957  
 Japanese war crimes trials, number of, 808  
 Kuomintang, 48  
 Soviet interest in political situation, 665  
 Soviet Union, Chinese Government attitude toward, 661  
 U.N. Security Council veto, nonuse of, 769  
 United States: Aid program, 661, 665, 711-712, 784; policy toward, 1047, 1049; relations with, 646  
 Cho Man Sik (Sic), 1101, 1188, 1256  
 Cho Wan Koo, 1102  
 Choi Tong Oh, 1170  
 Chough Pyung Ok, 1090, 1176, 1271*n*, 1309-1311  
 Christmas Island, U.S. claim to sovereignty over, 16-18  
 Chun Kyu Hong, 1314  
 Churchill, Winston S., 926  
 Chyung Yil Hyung, 1309  
 Cicognani, Amleto Giovanni, 897  
 Clark, Lewis, 676-677  
 Clark, Tom C., 626-627  
 Claxton, Philander P., 739-740, 747-750, 766-769, 824, 928, 1286  
 Cochran, H. Merle, 270, 288-289, 295-297, 299-302, 304-313, 316-317, 322-431 *passim*, 435-441, 444-457, 465-476, 478-497, 499-512, 514-526, 538*n*, 540-545, 548-558, 563, 566, 572, 574-576, 578, 580-583, 585-587, 593-594, 597*n*, 604, 612, 620-624  
 Collins, Frank D., 892-894  
 Collins, K. E., 801, 806-807  
 Collins, Ralph E., 1157-1158  
 Comintern, 28  
 Commander in Chief, Far East (MacArthur), 672-673, 693, 695, 728, 730-731, 733, 737, 830, 845, 932-933, 939-940, 1022, 1192, 1194-1195, 1259, 1325  
 Commanding General, U.S. Armed Forces in Korea. *See* Coulter, Maj. Gen. John B., *and* Hodge, Lt. Gen. John R.

Commerce (U.S.), Department of, 1041  
 Commodity Credit Corporation, 252-253, 956  
 Communist Information Bureau (Cominform), 43, 614  
 Congress (U.S.): Appropriations for Japan, 655; Canadian foreign policy, 1080-1081; CCC credit to the Netherlands, 253; economic aid for Indonesia and the Netherlands, 483, 591; economic aid program for Japan, Korea, and the Ryukyus, 968, 994, 1012, 1062-1063, 1074-1075, 1169, 1179-1181, 1293, 1296-1298, 1304-1305, 1312-1313; European Recovery Program, 245, 463, 465, 504; GARIOA funds, 1035; House Foreign Affairs Committee, 968; occupation policies in Japan, 1034-1035, 1065; Philippines trade policies, 641, 644  
 Containment policy (U.S.), 1029  
 Cook Islands, 11  
 Coste-Floret, Paul, 25-26, 29, 34-35  
 Costello, Maj. Darrell G., 1118  
 Costilhes, Henri, 1207, 1218, 1231  
 Coulter, Maj. Gen. John B., 1192-1195, 1288*n*, 1298, 1321, 1324-1325, 1327, 1333, 1341-1342, 1344  
 Council of Foreign Ministers: German peace treaty, 648; Japanese peace treaty, 647-648, 665; Moscow meeting (1945), 726, 893, 899  
 Crane, Burton, 983, 1022  
 Critchley, Thomas K., 59-61, 78, 80, 118, 125, 148, 155, 157-158, 160, 170, 176-177, 182, 205, 213, 218, 236-239, 243-248, 253, 257, 260, 263-265, 277-278, 280, 283, 299-301, 309, 311, 334, 338, 341-342, 360, 417-418, 425, 436, 441, 454, 469, 490, 501, 509, 520, 522, 526-527, 543, 549, 575  
 Cutts, T. W., 158, 250, 582, 585-586  
 Czechoslovakia, 732, 1188  
 Dairen, 863, 1275  
 Danger (Pukapuka) Island, U.S. claim to, 11  
 D'Argenlieu, Adm. Thierry, 25  
 Daridan, Jean, 29, 40-41  
 Darmasetiawan, 422, 490-491, 499-505, 507-509, 511-512, 514-515, 518-520, 552, 576, 582  
 Davies, Donald M., 178, 362  
 Davies, John P., 656*n*, 722  
 Dean, Hugh, 1107, 1133  
 Dean, Maj. Gen. William F., 1098, 1142, 1218, 1345  
 De Beus, J. G., 331  
 Deckers, Maj., 593-594  
 Defense (U.S.), Department of, 933-934, 1034, 1342  
 De Gaulle, Gen. Charles, 26, 53  
 De Lavignette, Robert, 35



- Dening, Maberly E., 653, 719-721, 751*n*, 752-754, 768, 773-774, 782-785, 788-794, 796-799, 842-843, 950, 1239-1240, 1242, 1302
- De Pereyra, Miguel, 41
- De Ranitz, J. A., 587, 593-594
- Derevyanko, Lt. Gen. Kuzma N., 758, 898, 936
- Dickover, Erle R., 605, 720-721, 752-755, 773, 1302
- Diem, Ngo Dinh, 25
- Djabi, Zeki, 1096, 1103, 1106-1107, 1109-1110, 1114, 1155, 1178
- Djajadiningrat, 166, 171
- Djokosoejono, Col., 354
- Djuanda, 176, 208, 211, 284
- Dobashi, Kazuyoshi, 838*n*, 920-921
- Dodge, Joseph M., 1060*n*
- Doihara, Kenji, 898, 901, 904, 907, 935*n*
- Dolbin, G. G., 690
- Donovan, Howard, 1246-1247, 1276
- Douglas, Lewis W., 664-665, 1040, 1121, 1239-1240, 1242, 1247-1248, 1273
- Douglas, Paul F., 1290
- Draper, William H., 694-695, 706-713, 719, 740, 754, 766, 775, 819, 824, 866*n*, 924, 937-939, 945-946, 958-959, 962*n*, 970*n*, 1003, 1011, 1022, 1033-1035, 1044-1045, 1054, 1060*n*, 1062-1063, 1073, 1075, 1162-1163, 1181, 1186-1188, 1200, 1286, 1298-1299, 1302-1303, 1324, 1341-1343
- Drees (Driss), Willem, 298, 304, 306, 317, 356, 443, 477-478, 480, 483, 485-486, 539, 573, 606, 613, 620-621, 623
- Drumright, Everett F., 950-953, 1271, 1279, 1283
- Du Bois, Coert, 81, 96, 103-105, 107-108, 113-114, 117-118, 136, 157, 165, 167-168, 172-173, 175-176, 191-192, 194-196, 198, 207-209, 210*n*, 214-266 *passim*, 270, 277, 279-280, 283, 291, 297, 299-301, 337, 394, 526-527, 549
- Dulles, John Foster, 538, 856, 1297*n*, 1335-1337
- Dunning, Alice L., 892
- Du Pong, Frederic, 35-36
- Dupont, 336, 508, 516
- Earle, Frances, 594
- Eaton, Charles A., 1297
- Economic Commission for Asia and the Far East, 47, 184, 193, 550*n*, 802, 955, 1031-1032
- Economic Cooperation Administration :  
Assistance to : France, 28 ; French Indochina, 46 ; Netherlands, 426, 462, 465-466, 483, 514, 517, 534, 540, 590-591, 602, 611 ; Netherlands East Indies, 364, 462, 465-466, 483, 514, 518, 534, 551-552, 590-593, 602, 611 ; Republic of Korea, 1283-1284, 1288-1289, 1292, 1296-1298, 1303-1305, 1309, 1312-1313, 1324, 1327, 1345 ; United Kingdom, 11
- Economic Cooperation Administration—Continued  
Commitments to European recovery, 13  
Policies, 467, 1313
- Edwards, Corwin, 652
- Egypt, 80, 957
- Eichelberger, Lt. Gen. Robert L., 808
- Elizalde, Joaquin M., 630, 637
- Ely, Richard R., 682-684
- Enderbury Island, U.S. claim to sovereignty over, 16, 18
- European Recovery Program (Marshall Plan), 75, 77, 230, 281, 345, 463, 465, 590, 598, 711, 784-785, 803
- Evatt, Herbert V. : Allied Council for Japan, 796 ; Australian Minister for External Affairs, 2, 783 ; Indonesian question, 561 ; Japanese peace conference, 754 ; Japanese peace treaty, 707, 789 ; Korean question, 1110, 1183, 1241, 1327, 1329, 1331 ; role in the United Nations, 6, 8 ; U.S. foreign policy, 14 ; visit to Japan (1947), 4, 702
- Export-Import Bank of Washington, 5, 12, 164, 215, 245-247, 252-253, 994, 1032, 1035
- Fakaofu Island, U.S. claim to, 11
- Far East Command, 672, 701, 704, 830, 834, 844
- Far East Recovery Program, proposed, 784-785
- Far Eastern Advisory Commission, 926, 940
- Far Eastern Commission :  
Abolition of in event of peace treaty, 657  
Access to Japanese technical and scientific information, 812, 943  
Agreement regarding establishment of (1945), 648  
Aircraft and private munitions plants, removal from Japan of, 835, 845-846, 848, 854, 943  
Basic post-surrender policy for Japan (1947), 658-659, 762-763, 779, 821, 840, 863, 874, 879-880, 887, 892, 942, 1056, 1069-1070  
Bauxite imports into Japan, 749, 772, 818  
Burma, question regarding admission of, 765-766, 823, 835, 837, 992  
Civil aviation, 725, 846, 856, 866, 871, 880  
Country attitudes and positions : Australia, 737*n*, 742, 747-749, 756-757, 791, 795, 809-810, 812, 815, 817-818, 821, 828-829, 835-836, 845-846, 848-849, 854, 856, 865-866, 871, 874, 885, 912, 922, 929, 934-935, 943, 978 ; British Commonwealth countries, 753-754 ; Canada, 724, 741-742, 757, 806-807, 874, 912, 929, 943 ; China,



Far Eastern Commission—Continued  
Country attitudes and positions—  
Continued

648, 684, 721, 724, 741, 757, 766–769, 795, 811–812, 821, 828–829, 835–836, 845–849, 854–856, 865, 871, 873–874, 884–886, 891, 894, 896, 911, 927, 929, 943, 983, 1047, 1076; France, 741–742, 809, 812, 829, 847, 854, 865, 874–875, 882, 896, 911, 915, 929, 943, 978; India, 678, 725, 742, 764, 829, 855, 874, 885–886, 895, 912, 914, 930, 943; Netherlands, 724, 770–773, 795, 809, 829, 835–836, 845, 847, 866, 875, 895, 943; New Zealand, 724, 741–742, 755–757, 760–762, 791, 794–795, 809, 821, 837, 848, 854–855, 865, 874–875, 892, 912, 915, 929–930, 934, 943; Philippines, 682–684, 721, 724, 742, 801–802, 811–812, 821, 835–836, 845–846, 848, 854, 865, 871, 874–875, 885, 895–896, 912, 914, 928–929, 978; Soviet Union, 648, 682–684, 724–726, 731, 739–740, 742, 750–751, 764, 793, 798, 807, 809–812, 821, 823*n*, 828–829, 831, 835–837, 845, 847, 849–856, 863–865, 871, 873–875, 879, 885–887, 891–892, 894–896, 912–915, 922, 927, 929–930, 935, 943, 966–968, 1023–1024, 1026; United Kingdom, 687, 720–721, 724, 737, 741–742, 752, 754, 791–793, 798, 809, 812, 829, 835–836, 845–846, 848, 854, 873–874, 885, 895, 910–912, 914, 927, 943, 983, 1023, 1076; United States, 654–656, 693, 703–704, 724–725, 730–731, 740–743, 748, 756–757, 761–766, 771, 773–774, 778–779, 791, 793–795, 798, 801–802, 806–807, 809–818, 823–825, 828–829, 835–837, 845–852, 854–855, 860, 865–867, 871–874, 879–880, 882–887, 891, 894–895, 911–915, 921–923, 927–932, 934–935, 939–940, 942–943, 945–948, 951, 953–954, 958–962, 966–967, 974, 978–979, 982–983, 986, 990–991, 993–994, 997, 999–1000, 1022–1025, 1028, 1030, 1033, 1036, 1040, 1055–1060, 1066, 1075–1078

Cultural objects, program for replacement of, 828–829, 834–835, 846–847, 856, 943, 982–983, 1075–1078

Decartelization policies, 690, 930, 935, 1022–1025, 1054–1059

Directives to SCAP, 690, 744

Disarmament and demilitarization of Japan, 741, 763, 805–806, 879, 895, 915

Economic recovery and self-support for Japan, 654–656, 958, 966–968, 993–994, 1035

Far Eastern Commission—Continued  
Economic reform program in Japan, 659

Economic stabilization program in Japan, 1059–1061, 1066

Information and education policies in Japan, 696

Interchange of persons between Japan and other countries for cultural purposes, 811–812, 815–816, 828, 835, 845–846, 848, 865, 870–871, 873–874, 885–886, 1032

Interim directives, 756

Interim import-export policy for Japan (1947), 750–751

Japanese constitution, review of, 875–876, 913–914, 921–923, 928, 930, 942–943

Japanese domestic and foreign patents, treatment of, 990–991

Japanese fishing and pearl fishing rights, 817–818, 930–932

Japanese gold, silver, and precious metals, 849–850, 993

Japanese industrial war potential, 946, 999, 1070

Japanese military equipment, disposition of, 662–663

Japanese peace conference, FEC role in, 648

Japanese peace treaty, FEC role in, 648, 739

Japanese police force, 819

Level of industry (economic life) in Japan, 687, 721, 756, 766, 771–772, 791–792, 798–799, 801, 812, 820, 845–846, 848, 854–855, 865, 871–872, 874, 886, 891–892, 894–895, 912, 914, 930, 974, 978–979, 1023–1024, 1026

MacArthur view of, 700, 704, 820

Maritime Safeties Bill of the Japanese Diet, question regarding promulgation of, 741–742, 744–746, 748, 761, 773, 806, 815, 829

Military activities in Japan, prohibition of, 662–663, 863

National Public Service Law of Japanese Diet, 849–852, 855, 865, 895–896, 910–911, 929–930

Occupation costs, 947–948

Occupation policies and programs, 708, 730

Pakistan membership, question of, 677–678, 753, 765*n*, 823, 835, 837, 892–894, 992

Policy toward patents, utility models, and designs in Japan, 935, 943

Port and service charges on foreign vessels, 828, 835, 846, 912

Principles for Japanese farmers organizations, 853–854, 874, 915, 929

Principles for Japanese trade unions, 840–841, 849, 852, 855, 910, 929–930, 934–935

Purge program, 821, 933, 940–942

- Far Eastern Commission—Continued  
 Reform program, 804  
 Reorganization of occupation in Japan, 671  
 Restitution of looted property, 959-960, 1076  
 SCAP authority, 724, 745, 748, 760-762, 791, 813-814, 937-938, 940  
 SCAP participation in international conferences, 682-684, 724-725, 755-757, 761, 794-795, 809-811  
 Terms of reference, 662, 703-704, 748, 761, 763, 765, 771, 806, 813-815, 849, 893-895, 927, 938, 940, 959, 965, 972, 1024, 1030, 1060, 1066, 1069-1070  
 Terms of surrender, implementation of, 693, 703-704, 726, 730-731, 778, 798, 813, 820, 880, 1069  
 Trade unions, 865-867, 871, 874-875, 895-896, 915  
 Trade with Japan, conduct of, 828, 835-836, 846, 848, 854, 874, 891, 894, 911-912  
 Travel of Japanese commercial representatives abroad, 737, 748-749, 761, 763, 791, 815-817, 828, 835, 845-846, 848, 854-855, 857, 871-873, 885, 1033  
 Veto, 769, 807, 867, 893-894, 922-923, 954, 1073, 1076  
 Voting procedure, 728, 791, 893  
 War claims and reparations, 46-47, 654, 660, 710, 716, 730, 766, 771-772, 791-792, 801-802, 818, 820, 836, 846, 871, 874, 896, 945, 947, 951, 953-954, 962, 965, 972, 976, 984, 987, 989-991, 997-1000, 1002-1005, 1007-1010, 1016, 1030, 1037-1039, 1066, 1068-1073  
 War crimes trials, 717, 807, 837, 881-885, 912, 914, 925-929  
 War criminals, 830-833  
 Farookhi, M. M., 892  
 Fearey, Robert A., 722, 991-992  
 Federal Bureau of Investigation (U.S.), 693, 729  
 Fiji, 13  
 Fine, Sherwood M., 954-958  
 Food and agriculture conference at Baguio, 683  
 Foote, Walter A., 98  
 Foreign Aid Act of 1947, 1180  
 Foreign Aid Appropriations Act (1949), 1288-1289  
 Foreign policy objectives, (U.S.), 1028-1029  
 Forrestal, James V., 16-17, 877, 933-934, 1030-1031, 1035n  
 Forsyth, W. D., 96-97  
 Fox, Matthew, 150-152, 155-156, 162, 164, 173, 390, 408-409  
 France (*see also* French Indochina and Country, etc., *under* Far Eastern Commission: Japan: War claims and reparations; Korea: Republic of Korea: Government: Recognition, etc.; Korea: U.N. General Assembly; Korea: U.N. Temporary Commission on Korea; *and* Netherlands East Indies: U.N. Security Council), 496, 808, 926, 1209  
 Franks, Sir Oliver, 602-603, 991  
 Fraser, Peter, 797  
 French Indochina:  
 Annam, 26, 44, 47  
 Arms and munitions for prosecution of war, U.S. refusal to permit export of, 45  
 Bay of Along agreement, *June 5*, 23, 25, 27, 29-37, 39-41, 47, 53, 56  
 Binh Xuyen, 26  
 Burmese attitude toward, 23, 27  
 Cambodia: Cambodian military units in Cochinchina, 39; independence, 55-56; relationship to France, 36-38, 44, 47, 50-51, 55-56  
 Caodaits, 39  
 Chinese congregations, agreement with China regarding reestablishment of, 28, 51-52  
 Chinese policy toward, 47-49  
 Chinese troops on northern border, 27  
 Cochinchina: Cambodian military units in, 39; French interests in, 25; government of, 28; status of, 27, 29-35, 40-41, 47, 53; union with Annam and Tonkin, 44, 47  
 Communist activities, 43-45, 48-49, 54, 619  
 ECA assistance, question of, 46  
 French policy regarding, 20-21, 23-25, 27, 29, 31, 52-53, 183, 615  
 French sovereignty over, U.S. recognition of, 28, 44, 47  
 French union, proposals regarding inclusion of French Indochina states in, 37-38, 40, 42, 44-45, 47, 50, 55-56  
 Gold earmarked for Japan in Indochina, French claim to, 46-47  
 Hoa Hao, 39  
 Indian attitude toward, 19-20, 23  
 Laos, relationship to France, 44, 47  
 Military situation, 22, 30, 39, 44-45, 49  
 Nationalist opposition to restoration of French rule, U.S. interest in, 19-56  
 Political situation, 39  
 Siam, relations with, 27  
 Soviet aims and objectives, 28, 48, 54-55  
 Tonkin, 26, 44, 47  
 United Nations, proposal for referral of French Indochina question to, 19-21, 23  
 U.S. mediation, proposals regarding, 21-22  
 U.S. policy, 43-49, 598, 615



## French Indochina—Continued

- Viet Minh, 26, 38-40, 53-54  
 Viet-Nam: Independence of, 47; provisional government, 23-25, 28, 31, 42, 53  
 Viet-Nam Democratic Republic, 20*n*, 44, 48, 53-54  
 From, Jo, 1107  
 Fulbright Act, 1028

Gallman, Waldemar J., 1105

Gani, A. K., 150*n*, 151-152

Gascoigne, Sir Alvary, 687, 719-720, 737, 751, 774, 784, 795-796, 842-844, 898

Gauss, Clarence E., 246-247

Gayne, Mark, 1133

General Agreement on Tariffs and Trade meeting (1949), 1051, 1054

General Conference on Freedom of Information, 3

Gerig, O. Benjamin, 722

German peace treaty, 648, 657-658

Germany (*see also* German peace treaty and Berlin blockade, etc.): Reparations program, 950; U.S. draft treaty on disarmament and demilitarization (1946), 862; U.S. economic aid, 950; U.S. occupation costs, 1012-1013; U.S. policy toward, 1272, 1277

Gibson, William M., 51-52

Gieben, A. H. C., 506, 541

Gilbert, Pierre-Eugène, 21-23

Goto, Fermio, 937

Government and Relief in Occupied Areas, 696, 1035, 1293

Graham, Frank P., 57-69, 71-84, 89, 92-96, 98, 108, 260, 273, 364-365, 383, 394, 434

Graves, Hubert A., 454, 685-687, 736-737, 751-752, 769-770, 782, 785, 788, 791-793, 796, 798-799, 950, 991-992

Greece, 14, 68, 560, 598, 603, 1120, 1241, 1312

Green, Marshall, 722, 788-794, 796-799, 909, 954*n*

Grey, Paul, 605

Gross, Ernest A., 122, 1068-1073, 1139*n*, 1204, 1211-1213

Guatemala, 1337

Hamengkubuwono, Sultan, 354

Hamid, Sultan, 298

Hamilton, Maxwell M., 687, 722-723, 742, 954*n*, 962*n*, 1067-1068

Hanayama, Shinsho, 936

Harrington, Julian Fiske, 1274

Harrison, Brig. Gen. W. K., 705, 715

Harry, R. L., 365-367, 589, 747, 749, 1215-1216

Hashimoto, 898, 901, 907

Hata, Field Marshal Shunroku, 897-898, 901, 904, 907

Hatta, Muhammad, 71, 78, 82*n*, 90-91, 99-100, 103-104, 107, 114, 117-118, 142, 144, 146, 148, 160-165, 167-168, 172, 176, 195, 207-208, 213, 217, 223, 225, 228, 231-234, 236-239, 243-246, 248-249, 251-254, 259-261, 266, 270, 274, 276, 279, 287-290, 300-301, 312, 316, 320, 323-379 *passim*, 587, 596, 607, 615-624

Hausner, Robert S., 1198

Haw Sawng Taik, 1119

Haw Sawng Taik, Mrs., 1118

Helb, H. A., 70-71, 75, 77, 122-124, 154, 174-176, 238-239, 243, 248, 262, 285, 296-297, 350, 369, 380-381, 385-386, 388-389, 393, 395*n*, 397, 409, 412-413, 479, 524, 568-569, 578-579, 583-584, 606-607

Helfrich, Adm., 398, 496

Helmick, Maj. Gen. Charles G., 1092-1093, 1271, 1279, 1283, 1309, 1345

Hendricks, Col., 942

Henshey, Stewart, 1209

Herremans, Raymond, 112, 158, 176, 194, 225, 228, 236, 238, 243, 247-248, 250, 256, 261, 276, 292, 300, 334, 338, 342, 360, 425-426, 501, 520-522, 575

Hickerson, John D., 17-18, 91*n*, 218*n*, 343, 345, 364*n*, 550*n*, 562-563, 1079*n*

Hiddenari, Terasaki, 896

Hirano, Col. Kurutaro, 873

Hirano, Rikizo, 674

Hiranuma, Baron Kiichiro, 898, 901-902, 907

Hirohito, Emperor of Japan, 663, 679-680, 742, 896, 905-906

Hiroshi, Hasegawa, 888

Hiroshi, Lt. Gen. Tamura, 881

Hirota, Koki, 898, 900-902, 907, 935*n*

Ho Chi Minh, 20-22, 26-28, 30, 32, 38, 44-45, 48, 53-55, 615

Hodge, Lt. Gen. John R., 1083, 1085-1086, 1090, 1096-1098, 1100-1101, 1108-1113, 1116-1119, 1121-1123, 1125-1127, 1129-1134, 1138*n*, 1139, 1141, 1143-1150, 1153-1160, 1162, 1164, 1170, 1172-1179, 1181-1183, 1188-1195, 1198-1199, 1202-1204, 1206, 1210, 1213-1215, 1217-1222, 1228-1230, 1232-1233, 1237, 1243*n*, 1246, 1249-1250, 1254-1255, 1257, 1262-1264, 1266-1271, 1275, 1277, 1279, 1281-1283, 1286-1287, 1301

Hodgson, William R., 586

Hoffman, Paul G., 968, 973, 1288-1289, 1292, 1297-1298, 1303-1305, 1309, 1312-1313

Hogua, 358-359

Holmes, Julius C., 605

Homma, Gen. Masaharu, 873

Honda, Kumataro, 937

Hong Kong, 979, 992, 994, 1042-1043

Hoo, Victor, 1083, 1095-1098, 1110-1112, 1120, 1128, 1141, 1148-1149, 1156

Hoogstraten, 171-172



- Hoshino, Naoki, 898, 901, 907  
 Huang Cheng-ming, 676-677  
 Huh Hun, 1118-1119  
 Hulley, Benjamin M., 64-65  
 Human Rights Commission, 2  
 Humelsine, Carlisle H., 727  
 Hunsberger, Warren S., 954-958  
 Hunt, William, 412  
 Huu, Tran Van, 25  
 Hyde, James N., 561, 1249  
 Hyde, Louis K., 299  
 Hyderabad, 598  
 Hyssong, Maj. Gen. Clyde L., 1265, 1266*n*
- Iida, Kakuzo, 872  
 India (*see also* Country, etc., *under* Far Eastern Commission; Japan: U.S. policy toward; Japan: War claims and reparations; Korea: Republic of Korea: Government: Recognition, etc.; *and* Korea: U.N. Temporary Commission on Korea): Allied Council for Japan, 744; British position in, 166, 522, 559, 616; Communist movement, 378; elections, 1176; Far Eastern Advisory Commission, member of, 926; French Indochina, attitude toward, 19-20, 23; Indonesian question, 19, 75, 78-79, 290-291, 335, 342, 358-361; Japan, policy toward, 782; Kashmir and Hyderabad questions, 598; trade arrangements with Japan, 957, 979, 994, 996, 1041-1042, 1053  
 Indonesia. *See* Netherlands East Indies.  
 International Bank for Reconstruction and Development, 5, 12, 211, 1032  
 International Court of Justice, 134, 154, 603-604, 605*n*, 607  
 International Emergency Food Council, 738, 957, 1032, 1292  
 International Labor Office conference at San Francisco, 811*n*  
 International Military Tribunal for the Far East. *See under* Japan: War crimes, etc.  
 International Monetary Fund, 5, 12, 211  
 International Refugee Organization, 3  
 International Trade Organization, 211, 629, 642, 1053  
 International Tribunal at Nuremberg, 899, 905  
 Inverchapel, Lord, 751-753, 756, 782  
 Iraq, 1043  
 Isbrandtsen, Hans, 122-124, 162, 173  
 Isbrandtsen Steamship Company. *See* Isbrandtsen, etc., *under* Netherlands East Indies.  
 Ishibashi, Tanzan, 958  
 Ishihara, Koichiro, 937  
 Ispahani, M. A. H., 765*n*, 894*n*  
 Israel (*see also* Palestine), Soviet recognition of, 192, 195  
 Itagaki, Scishiro, 898, 900-902, 904, 907, 935*n*  
 Italian colonies, 1335  
 Italy, 1209  
 Iwamura, Michiyo, 937
- Jackson, S. H., 1087*n*, 1090, 1093, 1103, 1106-1113, 1116, 1125-1126, 1132-1133, 1148, 1150-1155, 1178, 1180, 1182-1183, 1187, 1198, 1218, 1229-1230  
 Jacobs, Joseph E., 380, 1079-1337 *passim*  
 Jamieson, A. B., 1230  
 Janow, Seymour, 752  
 Japan (*see also* Allied Council for Japan; Far Eastern Commission; Japanese peace conference, etc.; Japanese peace treaty, etc.; *and* Supreme Commander, etc.):  
   Agrarian reform, 659-660  
   Bonin Islands, disposition of, 656  
   British policy towards, 752*n*, 753  
   Constitution, 651, 654, 679-680, 682, 702, 741, 743, 804-805, 875-876, 913-914, 919, 921-923  
   Constitution (Meiji), 679, 732  
   Diet, 659, 674, 697, 731, 742, 744-745, 748, 806, 834, 849-852, 855, 870, 876, 895, 910, 916-919, 921-922, 935  
   ECAFE mission to Japan, 1031-1032  
   Economic situation, 956-957  
   Government, 650, 652-655, 661, 670-671, 674, 676, 681-682, 686, 693-694, 696, 700, 702, 713, 715, 722, 729, 731, 738, 741-742, 746, 751, 755, 758, 760, 778-781, 786, 792, 801, 804-805, 809, 817, 820-823, 827, 837-841, 849, 851-852, 859-861, 866, 875, 910-911, 917, 929, 932, 954, 957-958, 960, 964, 977, 988, 994-995, 1011-1013, 1025, 1028, 1033-1035, 1046, 1056-1057, 1059-1062, 1066-1067, 1077-1078  
   Habomai Islands, future status of, 687-689  
   Heavy industries, policy regarding restoration of, 9  
   Imperial Rule Assistance Association, 653  
   Kunashiri Island, 687-688  
   Kurile Islands, disposition of, 657, 660, 687-688  
   Liu Chiu Islands. *See* Ryukyu Islands, etc., *infra*.  
   Mandated islands, U.S. strategic trusteeship over, 656  
   Marcus Island, disposition of, 656, 877-878, 933  
   Most-favored-nation treatment, 1040-1041, 1049-1054, 1062  
   Nanpo Shoto Islands, disposition of, 877-878, 933

## Japan—Continued

## Occupation and control, 647-942

British Commonwealth occupation forces: Australian request for a reduction of forces, 827-828, 886-887, 909; withdrawal of New Zealand component, 774-775

Country attitudes and positions: Australia, 702; British Commonwealth countries, 663-664, 1034, 1040-1041; Soviet Union, 1034; United Kingdom, 686-687, 1034, 1040-1041; United States, 654-656

Deconcentration (decartelization, decentralization) program, 689-690, 702-703, 733, 805, 935, 969-970, 1022-1026, 1055

Deconcentration Review Board. *See under* Supreme Commander, etc.

Democratization program, 669, 681

Disarmament and demilitarization of Japan, 668, 692, 695, 708, 712, 721, 789, 791, 805, 1045

Dodge mission concerning economic stabilization program, 1060*n*

Draper mission to Japan and Korea, 689, 694-695, 713, 719, 754, 766-767, 774, 984, 1162*n*

Economic recovery and self-support program, 654-655, 657, 667, 669-671, 694-695, 700, 702, 705-707, 710, 713-714, 726, 729-731, 733-734, 737, 750-751, 764, 767, 769, 772, 780, 784, 789, 793, 799, 803, 843, 856, 861, 895, 945, 950, 964-965, 973, 975-976, 993, 1002, 1004, 1011, 1027, 1033-1034, 1044, 1061, 1075

Economic stabilization program, 1059-1060, 1063-1065

Exchange rate, 1050-1054, 1062

Foreign trade, 656, 676, 689, 694, 699, 702, 710, 714, 731, 733-734, 736, 780, 814, 861, 948-950, 964, 993-994, 1032, 1040-1044, 1051-1053

Information and education, 695-696, 735, 781, 822, 861-862

Land reform program, 733, 804

Militarism, 668, 674, 708

Occupation costs, 694, 733, 780, 821-822, 860-861, 947-948, 1012, 1027, 1033-1034

Occupation policies, 693-696, 699-700, 731-736, 779-781, 819-821, 860-862, 1340

Occupying powers, 680

Private trade, 656

Purge of exponents of militant nationalism and aggression, 649-653, 660, 676, 694, 702-703, 721-722, 733, 785-788, 794, 804-805, 820-821, 860, 878, 1027

## Japan—Continued

## Occupation and control—Continued

Rearmament, proposed, 692, 708, 713, 728, 789, 863-864, 1027

Reform program, 656, 658-659, 693-694, 700, 731-734, 779, 789, 793, 803-805, 820, 860, 1061

Reorganization of occupation, proposed, 669-676

Terms of surrender, 662, 682, 686, 690, 693, 703-704, 726, 731, 742, 820-821, 899, 906, 1068

War potential, control over, 862

Withdrawal of occupation forces, proposed, 687, 1339

Zaibatsu, dissolution of, 702, 805, 969-970, 995

Zaibatsu mission, 652

Okinawa, future status of, 692, 700-702, 709-710, 722-724, 728-729, 777-778, 859, 877, 933-934

Police establishment, development and support of, 692-693, 729, 746, 778, 801, 804, 806, 819, 859, 933, 1027

Political parties: Communist Party, 666*n*, 669, 697, 707, 712-713, 804, 838-839, 847, 868, 887-890, 918-921, 955; Democratic Liberal Party, 666*n*, 838, 918-919, 921; Liberal Party, 666*n*, 954. Social Democratic Party, 666*n*, 919-921; Socialists, 666

Political situation, 665-667, 678-680, 887-890, 954-955

Repatriation of Japanese: Chinese Communist-controlled areas, 758; Soviet delays, 663-664, 738-739, 757-760, 847-848, 924-925; U.S. policy regarding, 663, 757-760

Role in Indonesia, 100

Ryukyu Islands, disposition of, 657, 660, 701, 777, 819, 859, 876-877, 933-934; Chinese claim to, 676-677, 800; U.S. economic aid for, 968, 1179; U.S. military command over, 830; U.S. military government, 844-845

Security of Japan after peace treaty, considerations regarding, 692-693, 699-700, 706, 708-709, 711-712, 728-729, 743, 777, 789, 801, 859, 863

Shikotan Island, future status of, 687-689

Soviet policy toward, 806, 1026-1028

Territorial integrity, 797

Trade unions, 659

U.S. bases in post-peace treaty period, question of, 701-702, 778, 797, 859, 887



## Japan—Continued

U.S. economic and financial assistance, 655, 694, 709-710, 713, 720, 725-726, 733, 750-751, 780, 784, 790, 803, 807, 861, 940, 950, 954, 957-958, 966-967, 994, 1011-1013, 1033-1034, 1061-1062, 1067, 1074, 1179

U.S. policy toward, 10-11, 14, 691-719, 740, 764-765, 771, 773-781, 783-784, 790, 800-801, 824-825, 853, 857-862, 876-880, 890-891, 923-924, 932-934, 938-941, 964-966, 983*n*, 1000, 1008, 1020-1021, 1027-1030, 1047, 1061, 1063, 1338-1340

Country attitudes: Australia, 10, 754, 784, 793; Canada, 784, 806-807; China, 766-767, 769, 792-793, 800, 856; India, 784, 792-793; Netherlands, 770-773; New Zealand, 9-10, 14, 784, 793; Pakistan, 784; Philippines, 683, 793; Soviet Union, 864; United Kingdom, 719-720, 736-737, 751-752, 754, 773-774, 783-784, 790, 792-793, 798

Volcano Island, disposition of, 656

## War claims and reparations:

Advance transfer of reparations, 958-959, 975, 989-990, 1003, 1005, 1009-1010, 1030, 1037, 1048, 1066, 1072-1073

Country claims and positions: Australia, 960, 986, 992, 1001, 1011, 1039; Burma, 792, 952, 992, 1072; Canada, 802-803, 986, 1001, 1011, 1039; China, 660, 715, 766-767, 792, 800, 950-952, 960, 972, 986, 988-990, 1001, 1011, 1039, 1047-1049, 1065, 1073; France, 46, 951, 960, 965, 972-973, 990, 992, 1001, 1011, 1039; India, 951, 960, 986, 992, 1001, 1011, 1039; Korea, 951; Malaya, 992, 1072; Netherlands, 951, 960, 972, 989-990, 992, 1001, 1011, 1039, 1072; New Zealand, 986, 1001, 1011, 1039; Pakistan, 992; Philippines, 715, 792, 960, 972, 986, 989-990, 1001, 1011, 1039, 1072; Soviet Union, 943-945, 951, 962-963, 986, 1000-1001, 1011, 1016, 1039; United Kingdom, 721, 792, 798-799, 951-953, 960, 965, 972, 989-992, 998, 1001, 1011, 1039, 1072; United States, 656, 658-660, 691, 695, 705-706, 710-711, 714-717, 734, 740, 775, 780, 792, 798, 801-802, 818, 862, 931, 945-947, 950-955, 962-966, 970-971, 973-978, 983*n*, 991-992, 996-1001, 1005-1011, 1013-1014, 1019-1021, 1027, 1035-1040, 1044-1049, 1064-1073

## Japan—Continued

## War claims and reparations—Con.

Holding Company Liquidation Commission, 733, 805, 995, 1017-1019, 1046, 1055, 1058

Japanese naval vessels, disposition of, 943-945, 962-963

Johnston mission and report, 767, 774, 792, 997-999, 1002, 1004-1006, 1008-1009, 1014-1015, 1064-1065

Level of industry (economic life), 658, 687, 721, 753, 756, 802, 864, 912, 962*n*, 973-976, 978, 997-998, 1000, 1002, 1004-1006, 1009, 1014-1015, 1021, 1027, 1030-1031, 1064

Merchant shipping, removal of, 961-962

National percentage shares, 951-952, 960, 976, 992, 998-1001, 1003, 1005, 1010-1011, 1039, 1072

Overseas Consultants Incorporated, report by (Strike report), 659-660, 710-711, 734, 754, 766*n*, 774, 792, 799, 802, 945-947, 959, 970-971, 973-975, 987, 997-999, 1002, 1004, 1008, 1014-1015, 1065

Property rights and interests, 656, 660, 691, 695, 704, 706, 734-735, 780-781, 822, 861, 959-960

Reparations from current production, proposed, 660, 865

Restitution of looted property, 704, 959-961

Shipbuilding capacity of Japan, 1044-1045

Strike report. *See* Overseas Consultants, etc., *supra*.

War booty, 710

War crimes trials before International Military Tribunal for the Far East, 675, 717, 794, 807-809, 822, 830-831, 833, 872-873, 896-897

Executions, 935-936

Release of certain suspects, 830-833, 936-937

Sentences, 896-909

U.S. policy regarding, 696, 717-719, 735-736, 781, 794, 862

War criminals, 656, 660

Japanese peace conference, discussions concerning:

Country positions: Australia, 754, 848; British Commonwealth countries, 691, 720, 752; Canada, 801, 807; China, 647-648, 661, 663, 685-686, 690-691, 707, 720, 769, 790, 799-800; Philippines, 885; Soviet Union, 647-648, 654, 665, 690, 720, 801, 871, 874; United Kingdom, 685-687, 720-721, 768-769, 842-843, 951; United States, 722, 762-763, 776-777, 790-791, 800-801, 858, 999



- Japanese peace conference, etc.—Con.  
 Far Eastern Commission, role of, 648  
 Japanese views on, 916  
 Level of industry (economic life) in Japan, 974, 986  
 Veto question, 663, 685  
 Voting procedure, 791, 807
- Japanese peace treaty, discussions concerning:  
 Allied authority, 656–657  
 Bilateral treaty between the United States and Japan, proposed, 797–798, 807  
 Council of Ambassadors, proposed, 657–660  
 Council of Foreign Ministers, role of, 647–648, 665  
 Country positions: Australia, 4, 663, 707, 742, 749, 789, 797; British Commonwealth countries, 797; China, 647, 661, 663, 665, 685, 698, 703, 707, 727, 768–769, 784, 789, 798–800; New Zealand, 755, 797, 892; Soviet Union, 654, 665, 698, 703–704, 707–708, 713, 784, 789, 793, 871, 895, 915, 1026, 1275; United Kingdom, 653–654, 664–665, 685, 720–721, 754, 784, 789–791, 796–798, 842; United States, 656–660, 667, 670–671, 691–692, 699, 704–705, 707, 721–722, 727–728, 734, 761, 765, 768, 771, 774–777, 781, 784, 788–791, 793, 801, 806, 858–859, 863, 940, 950, 1034  
 Disarmament and demilitarization of Japan, 656–658, 721, 800  
 Chinese proposal, 856, 863–864  
 Commission of Inspection, proposed, 658  
 U.S. draft treaty (1946), 658, 862–864  
 U.S. policy, 863–865  
 Economic reform program, 656, 658–660  
 Far Eastern Commission, role of, 648  
 Japanese views on, 648–649, 790  
 Level of industry (economic life) in Japan, 800, 892, 895, 915  
 Liquidation of the war, technical problems connected with the, 656, 660, 777  
 Reparations and restitution, 656, 659–660, 706, 777, 800, 1280  
 SCAP position, 697–698, 701, 703, 707, 786, 819, 823  
 Soviet participation, questions concerning proceeding with treaty without, 667, 685, 691, 703, 707, 720–721, 727, 771, 784, 789, 797, 800  
 Territorial clauses, 656–657, 660, 722–724, 800, 877  
 Working group on Japanese treaty, 652
- Jaranilla, Delfin, 905–906
- Jessup, Philip C., 255*n*, 262, 279*n*, 293–294, 299, 331–332, 415, 527*n*, 530*n*, 531*n*, 544*n*, 549*n*, 553*n*, 555*n*, 559*n*, 561–562, 564, 568*n*, 569, 570*n*, 572*n*, 573*n*, 574*n*, 577–578, 583–585, 586*n*, 588, 591, 597, 601, 603–604, 606–608, 611–612, 620, 1116, 1128, 1143, 1145, 1249–1251, 1262–1263, 1308
- Johnson, D., 801
- Johnson, Nelson T., 662–663, 830–831, 993*n*
- Johnston, Dick, 1282
- Johnston, Percy H., 767, 774, 792, 970–971, 973
- Joint Chiefs of Staff: Basic initial post-surrender directive (1945), 941–942; interim directives to SCAP, 940; occupation and control of Japan, 671, 695, 881–882, 938; purge program in Japan, 941–942; replacement of Gen. Hodge as Commanding General, USAFIK, 1193–1195; restitution of looted property, 959–961; Ryukyu Islands, disposition of, 877; strategic trusteeship for former Japanese islands, proposed, 657; trade union policies in Japan, 866–868; war crimes trials, 926–927
- Jones, Maj. Gen. A. M., 637–638
- Jones, Owen T., 1158, 1309
- Jovellanos, 682–683
- Kadir, Abdul, 166, 171–172, 184, 189, 242
- Kahin, George, 594
- Kanae, Hatano, 681
- Kashmir, dispute between India and Pakistan concerning, 19, 598
- Katayama, Tetsu, 666, 674, 679, 681, 919, 921, 954–955
- Kawane, Maj. Gen. Yoshitaro, 873
- Kaya, Okinori, 898, 902, 907
- Keenan, Joseph B., 830–833
- Kenman, George F., 667, 687, 689–719, 727, 742, 751–752, 754, 764–765, 774–776, 782–785, 788–793, 796, 800–807, 824, 863, 924, 953, 962*n*, 964–965, 979, 1035–1036
- Kido, Marquis Koicho, 898, 907
- Killen, James S., 838
- Kim Doo Bong, 1122–1123, 1306
- Kim, Helen, 1314–1315
- Kim Il Sung, 1130, 1159, 1214, 1238, 1306
- Kim Koo, 1084, 1096, 1100–1102, 1106, 1109, 1119–1123, 1148–1149, 1151–1152, 1156, 1162, 1170–1172, 1176–1178, 1180, 1185, 1188, 1198, 1200, 1256, 1301
- Kim Pyung No. 1267
- Kim Seung Soo, 1175–1176
- Kim Taek Yong, 1123
- Kim Won Bong, 1118
- Kim Woo Pyung, 1309

- Kimm Kiusic, 1087-1088, 1091, 1096,  
 1100-1103, 1109, 1119-1123, 1126,  
 1148, 1151-1152, 1156, 1162, 1170-  
 1172, 1176-1178, 1180, 1185, 1188,  
 1198, 1200, 1210, 1256, 1301  
 Kimura, Heitaro, 898, 904, 907, 935*n*  
 Kirby, Richard C., 59-60, 67, 69, 71-72,  
 74, 76, 78, 80, 84, 89, 94, 96  
 Kirk, Alan G., 332, 560-561, 597*n*  
 Kishi, Nobusuke, 937  
 Kislenko, Maj. Gen. A. P., 759-760, 944  
 Kodama, Yoshio, 937  
 Koets, P. J., 65, 87, 195, 199, 451, 491,  
 519  
 Koh Chang Il, 1285  
 Kohler, Foy D., 1306  
 Koiso, Gen. Kuniaki, 898, 901, 907  
 Konoye, Prince Fuminaro, 901-902  
 Koo, V. K. Wellington, 647*n*, 691, 724,  
 766-769  
 Korea :  
   British policy toward, 1094, 1097,  
   1105-1107, 1165  
   Division of Korea along 38*th* parallel,  
   1091, 1099, 1124, 1128, 1141, 1151,  
   1165, 1171, 1185, 1227, 1233, 1238,  
   1254, 1310, 1314, 1318, 1326  
   Economic problems, 984, 1166, 1169  
   Government, 1080  
   Independence, 1086-1087, 1113, 1125,  
   1128, 1134, 1136-1137, 1165, 1167,  
   1169, 1236, 1260-1261, 1273, 1284,  
   1286-1287, 1291, 1304, 1306*n*, 1309,  
   1312, 1315, 1323, 1329  
   Japanese war booty, 710  
   North Korea (Soviet zone of  
   occupation) :  
     Closure of U.S. liaison office in  
     Pyongyang and Soviet liaison  
     office in Seoul 1341  
     Conference at Pyongyang with  
     South Korean political leaders,  
     1162-1163, 1169-1177, 1180,  
     1183, 1188-1191, 1201-1202, 1301  
     Constitution, 1089, 1111, 1115, 1120,  
     1122-1123, 1125, 1130-1131,  
     1162-1163, 1166, 1191, 1238,  
     1243-1244, 1256  
     Democratic Coalition Front, 1162-  
     1163  
     Democratic People's Republic, es-  
     tablishment of, 1113, 1115, 1120,  
     1130, 1166-1167, 1191, 1238,  
     1243, 1316, 1326  
     Elections (*see also* Elections, etc.,  
     *under* U.N. Temporary, etc.,  
     *infra*), 1089, 1115, 1122-1123,  
     1125, 1163, 1238-1239, 1243-  
     1244, 1251, 1256  
     Electric power sales by North  
     Korea to South Korea: Ne-  
     gotiations regarding, 1158-  
     1160, 1181-1182; suspension of,  
     1166, 1198-1200, 1203-1204,  
     1214-1215, 1252-1253, 1268;
- Korea—Continued  
   North Korea—Continued  
     Electric power sales by North  
     Korea to South Korea—Con.  
     U.S. protest regarding, 1227-  
     1229, 1232-1233, 1237-1238,  
     1252  
     Fertilizer sales to South Korea,  
     negotiations concerning, 1254-  
     1255  
     Incidents affecting U.S. military  
     representatives, U.S. protests  
     regarding, 1117-1118  
     People's Army, 1110-1111, 1115,  
     1118, 1130-1131, 1141, 1167,  
     1191, 1310, 1314, 1320, 1323,  
     1325-1326  
     People's Assembly. *See* People's  
     Council, *infra*.  
     People's Committee, 1199, 1204,  
     1214, 1228, 1253, 1254*n*, 1268  
     People's Council, 1122-1123, 1238,  
     1243  
     People's Government, 1111-1112,  
     1125-1126, 1130-1131, 1302;  
     question of Soviet recognition,  
     1217, 1224, 1236-1237, 1252,  
     1275  
     Soviet occupation forces, question  
     regarding withdrawal of (*see*  
     *also* Withdrawal, etc., *under*  
     Korea: U.N. Temporary, etc.),  
     1100-1103, 1105, 1111, 1114,  
     1116, 1126, 1131, 1133, 1137,  
     1139, 1162, 1166, 1186, 1190-  
     1192, 1208, 1305-1308, 1311,  
     1326  
     Soviet policy, 1110, 1121, 1125, 1130-  
     1131, 1199, 1201-1202, 1236,  
     1239-1240, 1251, 1257, 1274,  
     1280, 1294  
     Supreme People's Council, 1238,  
     1243, 1305-1306  
   Republic of Korea (*see also* South  
   Korea, *infra*) :  
     Admission to the United Nations,  
     question of, 1302, 1304, 1312,  
     1314  
     Agreement with the United States  
     regarding transfer of govern-  
     ment powers from U.S. mili-  
     tary forces, *Aug. 9-10*, 1271  
     Agreement with the United States  
     regarding U.S. economic as-  
     sistance, *Dec. 10*, 1288-1292,  
     1297, 1305, 1308-1309, 1313  
     Agreement with the United States  
     respecting an initial financial  
     and property settlement, *Sept.*  
     *11*, 1279  
     Communist uprising (Yosu revolt),  
     1317-1318, 1320, 1323, 1325-  
     1327, 1332-1333, 1342  
     Constitution, 1176, 1211, 1246, 1248,  
     1259, 1267

## Korea—Continued

## Republic of Korea—Continued

Establishment of, 1259–1261, 1266–1269

## Government:

Establishment of, 1127–1129, 1136–1140, 1153, 1160, 1165, 1169, 1181, 1183–1184, 1189, 1191–1194, 1198, 1200, 1203–1204, 1208, 1211, 1215, 1218, 1220, 1222–1223, 1226, 1230, 1248, 1250, 1255–1277 *passim*, 1287, 1315

Recognition, country positions regarding question of: Australia, 1241–1242, 1252, 1257, 1281; Canada, 1252, 1257, 1274–1275, 1300; China, 1220–1221, 1243, 1250, 1255, 1257, 1272–1273, 1317; El Salvador, 1250, 1257, 1266; France, 1250, 1252, 1257, 1265; India, 1246–1247, 1250, 1252, 1257, 1276; Philippines, 1221, 1245, 1250, 1257, 1270*n*; Syria, 1242, 1250, 1257; United Kingdom, 1220, 1239–1240, 1242, 1244, 1247–1248, 1252, 1257, 1273, 1302; United Nations, 1235–1236, 1243, 1250, 1310, 1323, 1343; UNTOCK, 1266, 1268; United States, 1169, 1204–1206, 1211–1214, 1216–1217, 1220, 1222–1224, 1235–1237, 1244, 1248–1252, 1256–1259, 1261–1264, 1269–1270, 1291, 1315, 1331, 1344–1345

Independence, 1121–1122, 1128–1129, 1299–1300

Infiltration from North Korea, 1334–1335

Interim military agreement with the United States, *Aug. 24*, 1282–1283, 1287–1288, 1345

Liaison Committee with UNTOCK, 1270, 1285

National Assembly: Election of, 1124, 1127–1129, 1136–1139, 1175–1176, 1193, 1202–1203, 1206–1207, 1210–1211, 1223, 1249, 1258, 1266, 1274, 1331; meetings and activities of, 1217, 1219–1220, 1222, 1229, 1246, 1248, 1262, 1267–1269, 1275, 1331, 1332*n*, 1333

President (*see also* Rhee, Syngman), 1248, 1261–1263, 1267, 1327

Provisional U.S. Military Advisory Group, 1169, 1321, 1344

Security forces: Establishment of, 1111, 1137–1141, 1166, 1168, 1208, 1211, 1226, 1249–1250, 1262, 1282, 1285, 1287–1288, 1310–1311, 1314, 1322, 1325–1326, 1328, 1331, 1333, 1335,

## Korea—Continued

## Republic of Korea—Continued

## Security forces—Continued

1342; U.S. training and equipment of, 1139–1141, 1250, 1280, 1287–1288, 1291, 1302–1303, 1311, 1320–1321, 1332–1333, 1344

Transfer of powers from U.S. military occupation authorities, 1271, 1280, 1282–1283, 1285, 1287–1288

U.S. economic aid, 784, 968, 1092, 1138–1139, 1163–1164, 1166–1169, 1179–1181, 1217, 1226, 1283–1284, 1288–1289, 1291–1298, 1301, 1303–1305, 1308–1310, 1312–1313, 1324, 1327, 1345

U.S. occupation forces, plans for the withdrawal of (*see also* Withdrawal, etc., *under* Korea: U.N. Temporary, etc.), 1092–1093, 1100–1105, 1110, 1112–1114, 1116, 1121, 1126, 1131, 1133, 1137–1141, 1162, 1164, 1168–1169, 1174, 1186–1188, 1190–1192, 1194, 1200–1201, 1206, 1208, 1213, 1220, 1225–1226, 1234–1235, 1305–1306, 1310, 1319, 1323–1324, 1326–1327, 1331–1334, 1337–1343, 1345

Vice President, 1248, 1267

South Korea (U.S. zone of occupation) (*see also* Republic of Korea, *supra*):

Communist uprising, 890, 1097–1098, 1108, 1130

Elections. *See* Elections, etc., *under* Korea: U.N. Temporary, etc.

Interim government, 1098, 1140, 1166, 1201–1202, 1279

Interim Legislative Assembly, 1092, 1126, 1142, 1147, 1156–1157, 1176

Nonmilitary activities, responsibility for, 844–845

Police, 1090–1091, 1108, 1166

Political parties: Communists, 1092, 1095–1096, 1119, 1126–1127, 1133, 1147–1149, 1151–1152, 1155–1157, 1188–1189, 1199, 1222, 1290, 1326–1327, 1333, 1335; Democratic People's Front, 1119; Hankook Democratic Party, 1085, 1088, 1100–1102, 1119, 1148, 1151, 1175; Korean Independence Party, 1084*n*; Social Democratic Party, 1169–1170; Society for Rapid Realization of Independence, 1175; South Korean Labor Party, 1119, 1334

Political situation, 1099–1103, 1119–1121, 1148, 1150, 1163, 1166–1167, 1175–1178



## Korea—Continued

## South Korea—Continued

Temporary Liaison Committee with  
UNTCOOK, 1218, 1244, 1270

U.S. Armed Forces in Korea, 1166,  
1181, 1184, 1195, 1237

U.S. military assistance, 1265–1266

U.S. occupation costs, 1012, 1174

Soviet position, 598, 1090–1091, 1093,  
1095–1096, 1162, 1167, 1169, 1198

Unification of, 1088–1089, 1092, 1101,  
1103, 1111, 1113, 1128, 1136–1137,  
1162, 1167, 1171–1173, 1177, 1182,  
1185–1186, 1190, 1196, 1211, 1217,  
1221, 1223, 1232, 1234, 1236, 1247,  
1254, 1260, 1265<sub>n</sub>, 1299–1301, 1304,  
1306<sub>n</sub>, 1310, 1312, 1316–1317, 1323,  
1327–1330, 1344

United Council for the Establishment  
of the Independent Korean Gov-  
ernment, 1131–1132

U.N. Commission on Korea, 1337, 1344

## U.N. General Assembly :

Considerations and deliberations  
concerning Korean question,  
1113–1115, 1138, 1148, 1150–  
1151, 1165, 1172, 1178, 1205–  
1209, 1214, 1217, 1220–1222,  
1224, 1235, 1239–1241, 1244–  
1245, 1247–1251, 1256–1258,  
1263, 1272–1273, 1275–1281,  
1284–1285, 1319, 1327, 1333, 1341

Country positions : Australia, 1327,  
1329–1330 ; Canada, 1336–1337 ;  
China, 1317, 1329–1330, 1335 ;  
Czechoslovakia, 1335 ; El Sal-  
vador, 1336 ; France, 1336 ; So-  
viet Union, 1302, 1336–1337 ;  
Syria, 1336 ; United Kingdom,  
1302 ; United States, 1165, 1299–  
1301, 1306–1308, 1311–1312,  
1315–1317, 1319–1324, 1330

Joint U.S.-Australian draft resolu-  
tion, 1327–1330

Joint U.S.-Australian-Chinese draft  
resolution, 1334, 1336–1337

North Korean representation, ques-  
tion of, 1314, 1316–1318, 1335

Republic of Korea representation,  
question of, 1314–1316, 1323,  
1327, 1330–1331, 1335

Resolution adopted *Dec. 12*, 1336–  
1337, 1342

Resolutions adopted *Nov. 14*, 1947,  
1083–1087, 1094–1095, 1097,  
1099, 1105–1106, 1109, 1112–  
1115, 1124, 1126–1130, 1134–  
1135, 1137–1138, 1140, 1149–  
1151, 1153, 1155, 1165–1166,  
1182, 1186–1187, 1190, 1200,  
1202, 1205, 1208, 1216–1223,  
1229–1232, 1234, 1236–1237,  
1240, 1242, 1245–1251, 1256,  
1258, 1261–1263, 1267, 1269,  
1271–1277, 1284–1285, 1287–

## Korea—Continued

## U.N. General Assembly—Continued

Resolutions adopted *Nov. 14*, 1947—  
Continued

1288, 1291, 1293–1294, 1299,  
1301, 1307–1308, 1315–1316,  
1321–1323, 1327–1328, 1330–  
1331

U.N. Temporary Commission on  
Korea :

Country positions : Australia, 2,  
603, 783, 1087<sub>n</sub>, 1090, 1093–  
1094, 1097, 1103–1104, 1106–  
1113, 1116–1117, 1121, 1125–  
1126, 1132–1133, 1143–1144,  
1146–1147, 1150–1155, 1178,  
1180, 1182–1183, 1187, 1198,  
1215–1216, 1218–1219, 1221,  
1229–1230, 1239, 1241, 1243,  
1245, 1270<sub>n</sub> ; Canada, 1079–  
1084, 1086–1087, 1090, 1094,  
1097, 1098<sub>n</sub>, 1106–1107, 1114–  
1115, 1117, 1121, 1125–1126,  
1132–1133, 1145, 1149–1150,  
1155, 1157–1158, 1178, 1180,  
1182, 1184, 1187, 1198, 1218–  
1219, 1221, 1229–1230, 1239,  
1243, 1245, 1270<sub>n</sub>, 1275, 1281,  
1300–1301 ; China, 1090–1091,  
1093, 1095, 1103–1104, 1106,  
1108–1109, 1115, 1152, 1155,  
1218, 1220–1221, 1230, 1243,  
1270<sub>n</sub>, 1286 ; El Salvador, 1093,  
1096, 1103, 1106, 1152, 1155,  
1218, 1220, 1244, 1270<sub>n</sub> ; France,  
1090–1091, 1095, 1103–1104,  
1106, 1108–1109, 1114, 1152,  
1155, 1182, 1184, 1197, 1218–  
1219, 1221, 1230–1231, 1243,  
1270<sub>n</sub>, 1280–1281, 1286, 1308 ;  
India, 1085–1086, 1097, 1103,  
1106–1108, 1111–1112, 1115,  
1147, 1149, 1152, 1155–1156,  
1176–1177, 1182, 1218–1219,  
1221, 1223, 1239, 1243, 1247,  
1270<sub>n</sub> ; Philippines, 1089–1090,  
1093, 1103, 1106, 1108, 1114–  
1115, 1155, 1218, 1220–1221,  
1244, 1270<sub>n</sub> ; Soviet Union,  
1079–1080, 1083–1084, 1088–  
1091, 1094, 1099, 1101, 1103–  
1104, 1106–1107, 1109, 1112,  
1115, 1122, 1131, 1133, 1137,  
1141, 1148, 1150–1151, 1155,  
1171, 1173, 1180, 1182, 1187,  
1190, 1220–1221, 1251, 1256,  
1258, 1307 ; Syria, 1096, 1103,  
1106–1107, 1109–1110, 1114,  
1152–1153, 1155, 1178, 1182,  
1184, 1195–1199, 1221–1222 ;  
United States, 1079–1083, 1085–  
1087, 1089, 1093, 1098–1099,  
1106, 1113–1114, 1116–1119,  
1123–1124, 1134, 1138, 1141,  
1149–1150, 1153–1154, 1170–

## Korea—Continued

## U.N. Temporary Commission on Korea—Continued

## Country positions—Continued

1172, 1178–1179, 1182–1183, 1195, 1200, 1223–1224, 1284, 1308, 1312

Elections in Korea, 1080, 1083, 1086–1090, 1099, 1102–1103, 1109, 1173, 1190

Elections in South Korea, observation of, 1084–1085, 1088–1090, 1092–1094, 1096–1097, 1099, 1102–1104, 1106–1117, 1122–1124, 1126–1129, 1132–1133, 1135–1139, 1141–1144, 1146–1158, 1160–1162, 1165, 1170–1172, 1174–1180, 1182–1187, 1189, 1192–1198, 1201–1203, 1205, 1208, 1212, 1215–1216, 1218–1223, 1225, 1229, 1231–1232, 1234–1235, 1241–1242, 1247–1249, 1256, 1258, 1260–1261, 1266–1267, 1269, 1273, 1287, 1315, 1318, 1321–1322, 1328, 1331, 1335

Interim Committee of the General Assembly; Consultations with, 1079, 1083–1084, 1087–1089, 1091, 1093–1099, 1104–1106, 1108–1117, 1119–1129, 1132–1134, 1136–1137, 1143, 1152, 1165, 1172, 1186, 1202, 1223, 1236, 1247, 1249, 1251, 1310; report, 1315, 1321–1322, 1327, 1329–1330; resolution adopted *Feb.* 26, 1128–1129, 1134–1137, 1139, 1147, 1150, 1223–1224, 1230, 1236, 1240, 1242, 1256, 1261, 1329, 1331

North Korea, refusal to permit entry of commission into, 1079–1080, 1082–1084, 1087–1089, 1101, 1124, 1130–1131, 1137, 1150–1151, 1165, 1171, 1173, 1239, 1256, 1258, 1316

Report to General Assembly, 1186, 1196–1198, 1216, 1220, 1229–1230, 1235, 1241, 1243, 1247–1248, 1250, 1258, 1260, 1273, 1281, 1285, 1300, 1302, 1308, 1315, 1321–1322, 1327, 1329–1330

Republic of Korea, consultations with, 1267, 1269–1270, 1274, 1284–1285

South Korean attitude toward, 1085, 1099, 1101–1103, 1109–1111, 1119–1120, 1122–1123, 1125–1126, 1131–1132, 1148–1152, 1155–1157, 1176, 1178, 1184–1186, 1189, 1198, 1211, 1234

South Korean National Assembly, consultations with, 1218–1220, 1222, 1229–1232, 1234, 1240, 1244, 1250

## Korea—Continued

## U.N. Temporary Commission on Korea—Continued

Withdrawal of occupation forces from Korea (*see also* Soviet occupation, etc., *under* Korea: North Korea and U.S. occupation, etc., *under* Korea: Republic of Korea), 1166, 1200–1201, 1208, 1220–1221, 1236, 1248–1250, 1257–1258, 1261, 1263, 1269, 1271–1272, 1276–1280, 1285–1286, 1288, 1294–1295, 1298–1300, 1305–1308, 1310–1311, 1316–1317, 1319, 1322–1324, 1328, 1330, 1342

U.S. policy toward, 1110, 1128, 1134, 1137, 1163–1169, 1207, 1209–1210, 1224–1226, 1234–1235, 1277, 1288, 1293–1295, 1303–1304, 1312, 1338–1340, 1342, 1343<sub>n</sub>

War potential in, loss by Japan, of, 708

Korean commission in Washington, 1195<sub>n</sub>

Korobochkin, 739–740

Korotkov, Lt. Gen. G. P., 1088, 1117, 1158–1159, 1199, 1203, 1214–1215, 1228

Kuzuu, Yoshihisa, 937

Kwan Tai Yung, 1170

Labor (U.S.), Department of, 866

Lacy, William S. B., 20, 85, 88–89, 96–97, 154, 174–176, 246–247, 257–258, 282, 285, 290, 347–348, 360, 365, 367, 369, 454, 553–555, 578<sub>n</sub>, 583–584, 589, 594, 602

Langdon, William R., 1083–1085, 1114–1123, 1131–1132, 1134, 1136, 1142–1143, 1146–1155, 1161–1162

Latuahary, 143–144, 147, 168

Lawson, Col., 1299

Lay, James S., 853

Lee Bum Suk, 1267, 1269, 1270<sub>n</sub>, 1271, 1279, 1282–1283, 1286, 1317–1318, 1327, 1333

Lee Han Koo, 1270

Lee Ki Poong, 1175

Lee Sei (Shi) Yung, 1248<sub>n</sub>, 1267

Leimena, Jehannes, 67, 100, 103, 115, 146, 224, 233, 306, 342, 352, 369, 446, 451, 503–504, 506, 508, 511, 514, 519, 541

Lesser Antilles Islands, 688

Lie, Trygve, 126, 392, 1096, 1149, 1244

Limb, B. C., 1195<sub>n</sub>

Lincoln, Col. George A., 938–939, 1033–1035

Lingeman, E. R., 979–980

Lisle, Raymond E., 333–334, 338, 457, 575, 582

Liu, Chieh, 690–691, 757

Liu, Shih-shun, 663



- Liu Yu-wan, 1090-1091, 1103, 1106, 1108-1109, 1115, 1146-1147, 1198, 1218, 1244, 1246, 1273
- Livengood, Charles A., 57-612 *passim*
- Lockett, Thomas H., 630-640, 1245
- Long, Nguyen Bhan, 36-37
- Long, Tion, 37-38
- López, Alfonso, 161-162
- Loren, Allen, 1289-1290
- Loridan, Walter, 332
- Lovett, Robert A.: Far Eastern Commission, 677*n*, 678*n*, 794-795, 848-850, 853-856, 865-866, 870-875, 885-886, 891-892, 894-896, 914-915, 928-930, 934-935, 942-943; French Indochina, 43; Indonesian question, 64-65, 81, 95-96, 143, 148-152, 154-156, 164*n*, 186-187, 191-193, 198, 214-215, 238, 243-245, 255-257, 260, 270, 279, 282-283, 339, 343-348, 355-356, 361-362, 364, 367, 378-382, 388-390, 396-397, 399-401, 405-414, 420-421, 438-439, 457-465, 478-480, 488-489, 492-493, 495-499, 509-510, 512-514, 517, 527-529, 535, 538*n*, 542, 550, 552, 558-561, 563-570, 577-578, 583-595, 597-604, 606-609, 613-620, 623-624; International Military Tribunal for the Far East, 925-928; Japanese peace treaty, 667; Korean question, 1079-1081, 1084, 1105, 1170-1172, 1179, 1192, 1200-1201, 1207, 1213-1214, 1234-1235, 1248, 1264-1265, 1276*n*, 1283, 1292*n*, 1297-1299, 1304, 1307-1312, 1319, 1325, 1329, 1337, 1343*n*, 1345; occupation and control policies in Japan, 689, 886, 909, 923, 1025, 1040-1041, 1060*n*, 1062-1063, 1073-1075; Philippines, U.S. co-operation with the, 625-626, 634-635, 638-639; U.S. claims to certain Pacific islands, 16-17; U.S. draft treaty on disarmament and demilitarization of Japan, 862-863; U.S. economic aid to Japan, Korea, and the Ryukyus, 968; U.S. policy toward Japan, 753, 775, 776*n*, 782-785, 799, 853, 876-880, 890-891, 932-934, 941, 1063; war claims and reparations from Japan, 945-946, 959, 972, 977-979, 991, 1019-1021, 1030-1031, 1035-1036, 1039-1040, 1066
- Lovink, A. H. J., 331-332, 376-378, 437, 442, 484-485, 530, 567-568, 570-571, 573, 579, 613
- Luce, Henry R., 245
- Luna, Rufina, 1090, 1106, 1108, 1114-1115, 1207, 1218, 1285
- Lytton Commission, findings of, 901
- Lyuh Woonhong, 1126, 1169-1170
- MacArthur, Gen. of the Army Douglas—Continued
- Agreement with Northcott regarding occupation forces, 827, 886-887, 909
- Allied Council for Japan, 700, 820, 825-826
- China aid program, 711-712
- Conversations with: Ashida, 666; Draper, 706-712; Gascoigne, 843; Kennan, 667, 697-712, 776, 824, 879
- Cultural objects, replacement of, 982-983, 1075
- Deconcentration Review Board, 1055
- Demilitarization of Japan, 805
- Department of State representation in Japan, 736, 822-823
- Economic recovery of Japan, 702, 705-707, 789, 822, 938, 957, 985, 989, 1062-1063, 1065, 1067
- Economic reform measures, 702-703
- Economic stabilization program, 1064-1067
- Far Eastern Commission, 700, 704, 820
- Japanese foreign trade, 699
- Japanese peace conference, 707
- Japanese peace treaty, 697-698, 701, 703, 705, 707-708
- Japanese security after peace treaty, 708-709, 712-713, 728
- Japanese shipbuilding capacity, 1045
- Korean question, 1100, 1113, 1116, 1275, 1342
- National Public Service Law, 834, 837-841, 843-844, 847-848, 851-852, 865, 867, 874, 896, 916-919
- New Zealand attitude toward, 10
- Occupation and control policies in Japan, 668-669, 697-699, 708, 720, 819-821, 879
- Okinawa and the Ryukyu Islands, importance to the United States of, 700-701, 709-710, 819
- Political reorientation of Japan, 736, 748
- Purge program in Japan, 702-703, 733, 820-821, 878, 924, 932-933, 940-941
- Remilitarization of Japan, question of, 964
- Repatriation of Japanese, 847-848
- Replacement of Gen. Hodge as Commanding General, USAFIK, 1193
- Restitution of looted property, 959, 983
- Roles and functions, 672-673, 730, 887, 896, 937-939
- Russians, attitude toward, 699
- Trade arrangements with British Commonwealth countries, 1041-1044
- Trade unions in Japan, 866
- U.N. Temporary Commission on Korea, 1197
- U.S. bases in Japan in period after peace treaty, 701



- MacArthur, Gen. of the Army Douglas—  
Continued  
U.S. policy toward Japan, 727, 736–737, 819–823, 878, 890, 924, 932, 939  
U.S. security interests in the Pacific, 700, 819  
War claims and reparations from Japan, 705–706, 710–711, 973, 975, 977–978, 983–989, 996–997, 1001, 1007–1008, 1016, 1021, 1064–1065  
War crimes trials, 822, 896–897, 908  
MacDermot, D. F., 753–754, 842, 950–953, 1105, 1239  
Mackenzie King, W. L., 1079–1081, 1084, 1086, 1098*n*  
Maddocks, Maj. Gen. Ray T., 1286  
Makin, Norman J. O., 85–86, 88–89, 365–367, 584, 589–590, 747–749, 774, 812*n*, 827, 886, 909  
Malaya, 43, 55, 292, 297, 615, 792  
Malik, Abdul, 298  
Malik, Yakov A., 768  
Malone, George W., 504, 518, 520, 522  
Manahiki Island, U.S. claim to, 11  
Manchuria, 708, 710, 863  
Manet, Olivier, 1090–1091, 1106  
Maramis, A. A., 412, 538  
Marie, André, 34*n*, 35, 37, 39, 41  
Maritime Commission (U.S.), 1044–1045  
Marquat, Gen. William F., 1031–1032  
Marshall, George C.:  
Allied Council for Japan, 795, 839  
Anglo-American consultations regarding the Far East, proposed, 782–783  
Arms shipments to China, 394  
Disarmament of Japan, Chinese proposal for treaty guaranteeing the, 856  
Far Eastern Commission, 677, 762, 764–766, 809–812, 823–824, 828–829, 834–837, 845–847, 911–913  
French Indochina, 19–20, 23–31, 33–36, 38, 40–42, 50–52, 54–55  
Indonesian question, 57–622 *passim*  
Japanese peace conference, 647–649, 653, 661, 665, 762, 799, 916  
Japanese peace treaty, 663–664, 699, 790  
Korean question, 1083–1344 *passim*  
Occupation and control policies in Japan, 653–1076 *passim*  
Philippines, U.S. relations with the, 626–633, 635, 637, 639–641  
Political situation in Japan, 665, 887  
Repatriation of Japanese, 663, 738  
U.S. policy toward Japan, 719, 857*n*, 858, 890–891  
War claims and reparations from Japan, 962–963, 973, 983*n*, 989–990, 996–1000, 1005–1008, 1013–1015, 1016*n*, 1019–1021  
War crimes trials by the International Military Tribunal for the Far East, 807, 872, 880, 896–898, 908, 935–936  
Marshall Plan. *See* European Recovery Program.  
Martin, Edwin M., 950–953, 991  
Mast, Gen. Charles, 27  
Matré, Joseph B., 122–124  
Matsui, Akira, 916  
Matsui, Iwane, 898, 903, 907, 935*n*  
Matsuoka, Yosuke, 898, 902  
Mayer, Col. William, 180, 183, 301, 307, 379, 522, 582, 593–594  
McClintock, Robert M., 561, 606–607  
McCoy, Maj. Gen. Frank R., 654*n*, 667, 682–684, 700, 724–726, 739, 741–742, 750, 756–757, 762–765, 823*n*, 824–825, 828*n*, 836, 850–852, 856, 865, 875–876, 882, 884*n*, 887, 913, 928, 930, 950, 953, 958, 966, 978–979, 982, 990, 993, 1023, 1033, 1055–1059  
McDermott, Peter, 1050, 1054  
McIntosh, A. D., 762  
McKay, Roberta, 582  
McKeough, Raymond S., 1044  
Memminger, Robert B., 1242  
Menon, K. P. S., 1085–1086, 1095–1097, 1103, 1106–1112, 1115, 1117, 1119–1121, 1123–1125, 1127–1130, 1132, 1134, 1143–1149, 1152, 1156, 1223, 1246–1247, 1276  
Menzies, A. R., 801–803, 805–806  
Merkulov, Lt. Gen. Serafim Petrovich, 1203*n*, 1228, 1232, 1237, 1254, 1268, 1341  
Messmer, Pierre, 30, 32, 39, 41  
Michiels van Verduyen, Jonkheer E., 620–623  
Milner, I. F. George, 1180, 1198, 1218, 1220, 1244*n*  
Minami, Gen. Jiro, 898, 901, 907  
Mitchell, Reginald P., 1105, 1117–1119, 1136, 1153–1154  
Moestapa, Maj., 354  
Molotov, V. M., 647–648, 1089, 1252  
Moseley, Harold W., 689*n*  
Most-favored-nation treatment: Conference at London with British Commonwealth countries concerning the extension of most-favored-nation treatment to Japan, *Nov. 1–4*, 1040–1041, 1049–1054; U.S. policy regarding, 629, 641–643, 1062  
Mountbatten, Adm. the Earl, 522, 559  
Moutet, Marius, 35  
Muccio, John J., 1183–1184, 1256, 1264–1265, 1281, 1286–1287, 1289–1291, 1305–1309, 1311, 1317–1318, 1320–1321, 1323, 1325–1327, 1331–1336, 1341, 1343–1345  
Mueller, Maj. Gen. Paul J., 758, 925  
Mughir, Yasin, 1106, 1178, 1182, 1184, 1195–1198, 1207, 1216, 1218  
Munitions Board (U.S.), 164  
Musu (Suparto), 303, 307, 342, 353–358, 361, 376, 382, 446–447, 456  
Muto, Akira, 898, 901, 903–904, 907, 925*n*

- Nagano, Adm. Osani, 831, 898  
 Naggiar, Paul-Émile, 41  
 Nakanono Island, U.S. claim to, 11  
 Naryanan, 75, 78, 254-255, 299, 450, 582  
 National Advisory Council on International Monetary and Financial problems, 253  
 National Military Establishment. *See* Defense (U.S.), Department of.  
 National Security Council: Economic recovery of Japan, 1063; economic stabilization program in Japan, 1062; U.S. policy toward Japan, 727, 775-776, 824-825, 853, 857-862, 876-878, 890-891, 932-934, 941-942, 979, 983*n*, 1000, 1008, 1011, 1013, 1020-1021, 1030-1031, 1034-1035, 1039-1040, 1047, 1061, 1063; U.S. policy toward Korea, 1163-1169, 1201, 1224-1226, 1234-1235, 1277, 1288, 1293-1295, 1303, 1338, 1340, 1342; war claims and reparations from Japan, 975, 978-979, 983-984, 1000, 1003, 1008, 1013, 1019-1021, 1030-1031, 1036, 1039-1040, 1048  
 National Security Resources Board, 853, 1163-1169  
 Natsir, 519, 576  
 Natural Fibers Revolving Fund, 1035  
 Navy (U.S.), 729, 778, 1163  
 Navy (U.S.). Department of the, 853, 945, 961-962, 1181  
 Neher, Lambertus, 103-105, 107, 110, 114, 117, 171-172, 216, 223, 231, 234, 302, 304-306, 308, 310, 313, 337, 471, 474-475, 495-496, 501, 503, 511, 514-516, 522  
 Nehru, Pandit Jawaharlal, 19, 75, 78-79, 576, 793  
 Nehru, R. K., 290-291, 360-361  
 Netherlands (*see also* Netherlands East Indies *and* Country, etc., *under* Far Eastern Commission; Japan: U.S. policy toward; *and* Japan: War claims and reparations): Constitution, revision of, 57*n*, 61, 64, 300, 304, 311, 316, 444, 452; Far Eastern Advisory Commission, member of, 926; Japanese war crimes trials, number of, 808; U.S. financial assistance to, 441, 463, 465-467, 514, 523, 534, 550, 590-591, 611; U.S. loan, question of, 163-164, 173, 215, 245-247, 252-253; U.S. military assistance program, question regarding Netherlands participation in, 551  
 Netherlands East Indies (Indonesia):  
   Agreements:  
     Linggadjati agreement initialed Nov. 15, 1946, and signed Mar. 25, 1947, 58, 62-63, 70, 73, 84, 86, 91, 99, 116, 120, 129, 137-138, 141, 153, 159, 182, 202, 218, 230, 259, 265, 269, 271, 281, 307, 319, 344, 527, 547, 556  
     Netherlands East Indies (Indonesia)—Continued  
     Agreements—Continued  
       Truce agreement signed aboard the U.S.S. *Renville* (*Renville* agreement), Jan. 17 (*see also* Truce *under* Netherlands East Indies: U.N. Security Council Committee of Good Offices), 79, 83, 86-87, 90, 92, 94, 96-97, 99-100, 108-109, 116, 119, 122, 126, 135-136, 138-140, 143-144, 147, 149, 155-158, 178, 195, 202, 209, 213-224, 229-231, 233, 235, 239, 244, 249-251, 257-258, 260-261, 263, 265, 269, 271, 274-275, 281, 283, 287, 291, 294-295, 305-309, 311-312, 317, 319-320, 322, 326, 331, 334, 340, 344, 358, 370, 408, 428, 430-431, 433-434, 449, 459-460, 462, 465, 514, 519, 521, 534, 536-539, 543, 546-547, 555-556, 580, 582, 585, 617-618; termination by the Netherlands of, 581-582, 589, 618  
     Bandoeng group (Federalists), activities of, 183, 185, 188-191, 194, 198, 214, 227, 234, 236, 267, 272-275, 279, 281, 294, 297-298, 300, 304-307, 310-312, 316-317, 319, 330, 336, 340, 343, 402, 407, 411, 416, 438-439, 442, 454-455, 461, 468, 476-477, 479, 481, 483-484, 490, 494-495, 501-503, 505-507, 520-522, 524, 528, 531  
     Banka, 61  
     Bill on government for Indonesia during transition period, 569, 574, 577  
     Borneo, 269, 299  
     Borneo, Dyakbesar, 61  
     Borneo, East, 61  
     Borneo, South, 61  
     Celebes, 299  
     Communist activities, 43, 105-106, 296-297, 344, 346, 384-385, 394, 399  
     Consular commission at Batavia, 613  
     East Indonesia, 61, 269, 273, 279, 286, 335  
     ECA assistance, 364, 462, 465-466, 483, 514, 517-518, 534, 551-552, 590-591, 784; suspension of, 592-593, 602, 611  
     Federalists or federationists. *See* Bandoeng group, etc., *supra*.  
     Government, 58  
     Indian attitude toward, 19, 75, 78-79, 290-291, 335, 342, 358-361  
     Indonesia, Republic of:  
       Agreement with Egypt, 80  
       Armed forces. *See* Armed forces, etc., *under* Netherlands East Indies: U.N. Security Council Committee of Good Offices.  
       Banking and Trading Corporation, 155



Netherlands East Indies (Indonesia)—  
Continued  
Indonesia, Republic of—Continued  
Banknote contract with Security  
Banknote Company, U.S. oppo-  
sition to, 412, 510  
Burma, relations with, 135–136, 195  
Central National Indonesian Com-  
mittee (*Komite Nasional Indo-  
nesia Poesat*), 526  
Central trade union, 307  
Communists: Activities of, 171,  
225, 316–317, 320–321, 323, 331,  
342, 346, 350, 355–356, 378, 386,  
395, 414, 432, 438, 447, 456, 465,  
559; seizure of power in Ma-  
dium, attempted, 353–358, 360–  
361, 365–366, 374, 379, 382–383,  
395, 403–404, 406, 422, 429, 433,  
438, 446–447, 456, 462, 489, 506–  
507, 523, 528, 532, 611, 615–619;  
U.S. policy regarding, 325, 327–  
330, 345–346, 361–362, 366, 378–  
379, 382  
ECAFE conference, question of  
Indonesian representation, 184,  
193, 550*n*  
Finances and foreign exchange, con-  
trol over, 85–88, 101, 107, 118,  
181  
Foreign relations. *See* Foreign rela-  
tions, etc., *under* Netherlands  
East Indies: U.N. Security  
Council Committee of Good Of-  
fices.  
Foreign trade, control over, 85, 88,  
94, 97, 107, 151, 155, 168, 171,  
173, 192, 199  
Fox-Gani contract providing for the  
establishment of Indonesian-  
American Corporation, U.S. op-  
position to, 150–152, 155–156,  
164, 173, 408  
Masjoemi party, 170, 182, 225, 324–  
325, 330, 503–504  
Nationalist party (*Partai Nasional  
Indonesia*), 170, 182, 225, 324,  
330, 503–504, 515  
People's Democratic Front (*Front  
Demoerasi Rakjat*), 159, 170,  
200, 224–225, 236, 261, 378, 429  
Petroleum fields and installations:  
Status of, 105–106; U.S. in-  
terest in resumption of produc-  
tion of, 192–193  
Recognition by Yemen, 184, 193  
Socialists, 225, 316  
Soviet attitude toward, 323, 420,  
432  
Soviet recognition, 186–187, 200,  
207–209, 228, 233, 242, 254, 303,  
307; Netherlands opposition to,  
193–196, 198, 215–216, 223, 231,  
239, 261; U.S. attitude, 191–192,  
209, 213–214, 234, 243  
Soviet support, 188, 192–193

Netherlands East Indies (Indonesia)—  
Continued  
Indonesia, Republic of—Continued  
Trade relations with the United  
States, U.S. policy regarding  
(*see also* Fox-Gani contract,  
etc., *supra*), 382, 390, 408–409,  
420–422, 481, 485, 510, 551, 553–  
554, 566–567  
U.S. economic assistance for recon-  
struction, question of, 75, 77,  
111, 327–328, 364–365, 465–466,  
483, 591  
U.S. policy toward, 328–331, 364,  
614–616  
U.S. recognition, proposals regard-  
ing, 322, 364, 551, 591  
Isbrandtsen Steamship Company,  
claim regarding S.S. *Martin  
Behrman* case, 122–124, 551  
Java. *See* Java, etc., *under* U.N. Secu-  
rity Committee of Good Offices,  
*infra*.  
Java, East, 286, 504, 510  
Java, West, 61, 105–106, 108–109, 112,  
115, 126, 129, 146–147, 150, 155,  
161–162, 169, 175, 190, 268, 273–  
275, 279, 286  
*Komite Indonesia Serikat*, 61  
Linggadjati agreement. *See* Ling-  
gadjati, etc., *under* Agreements,  
*supra*.  
*Martin Behrman* case, 122–124, 551  
New Guinea, status of, 142  
Pakistan interest in, 289, 297, 335  
Philippine interest in, 335  
Rawagedeh, 83  
*Renville* agreement. *See* Truce, etc.,  
*under* Agreements, *supra*.  
Riouw, 61  
Shipping ban by Australian unions, 6  
Soviet role, 100, 171, 287, 291, 420  
Sumatra. *See* Sumatra, etc., *under*  
U.N. Security Council Committee  
of Good Offices, *infra*.  
Sumatra, East, 61, 126, 128–129, 149–  
150  
Sumatra, South, 61, 309, 510  
Trade with Japan, 956  
U.N. Security Council (*see also under*  
U.N. Security Council Committee  
of Good Offices, *infra*):  
Considerations and debates con-  
cerning Indonesian case, 94–  
95, 98, 106, 127, 150, 161–162,  
165, 172–173, 176–178, 185, 188–  
189, 192, 284, 286–287, 289–290,  
319, 321, 327, 331, 344, 355, 550  
Country positions: Australia, 107,  
562, 584–587, 589–590, 607;  
Belgium, 584, 586, 597*n*; Can-  
ada, 109, 161, 380, 562; China,  
109, 161, 380, 562, 588, 598, 607;  
Colombia, 107, 607–609, 611–  
612; France, 598–601, 603;  
India, 607; Netherlands, 116,



Netherlands East Indies (Indonesia)—  
Continued

## U.N. Security Council—Continued

## Country positions—Continued

172, 175-177, 181-183, 256, 262, 415, 476, 480, 549, 561, 565, 569, 583-584, 595, 601, 603-608, 610-613, 620; Soviet Union, 420, 588, 591-592, 598, 607; Syria, 588, 607, 609; Ukrainian SSR, 588, 607; United Kingdom, 240, 586n, 598-603, 605; United States, 97, 108, 128-129, 161-162, 177-178, 252, 262, 269-270, 288, 291-295, 314, 325, 365, 380-381, 386-390, 402-404, 409-412, 418, 420-421, 448-449, 465, 514, 527, 534, 551, 561-562, 564-565, 568, 572, 577-578, 583-592, 595, 597-604, 606-608, 620

Indonesian appeals and reports to, 358, 362-363, 371-373, 375, 377, 386-390, 392-393, 408-412, 415, 418, 420, 425-426, 438, 465, 482-483, 538, 550, 561-562, 565, 609-611

## Resolutions, 251, 319

*Aug. 1, 1947* (cease-fire), 92, 109, 220, 267, 577-578, 618

*Aug. 25-26, 1947*, 106, 109, 119, 220, 267, 612

*Nov. 1, 1947*, 61, 83, 267

*Feb. 28, 1948*, 109, 112-113, 115, 340

*July 29, 1948*, 294

*Dec. 24, 1948*, 603, 609, 612

Sanctions against the Netherlands, question of, 578, 584, 586n, 590-591, 597n, 599-600, 602

U.N. Security Council Committee of  
Good Offices:

Armed forces of Indonesian Republic, control over the, 86-87, 100-101, 107, 116-117, 159, 179-181, 264, 266, 273, 338, 469, 482, 487, 490, 493, 497-500, 504-506, 509, 519-520, 525, 535-537, 539, 546, 548, 559, 564, 566, 570

Christmas program (1947), 57, 59-62, 83, 260, 273

Country positions: Australia, 2, 4, 60-61, 71-72, 76, 96-97, 107, 147, 170, 174, 176-177, 182, 205, 213, 218, 236-239, 243-248, 253, 257, 260, 262-265, 277-278, 280, 283, 299-301, 309, 322, 324, 329n, 341-342, 365-367, 602, 783; Belgium, 61, 237, 262, 265, 276, 292, 309, 342, 560-561; Indonesian Republic, 57, 59-60, 69-71, 76-82, 99-101, 104-105, 117-119, 125-128, 130-141, 143-144, 146-148, 155-156, 158-165, 168-169, 173-174, 179-181, 184-186, 189-194, 196-200, 207-208, 224-225, 232-236, 249, 254, 257, 259-

Netherlands East Indies (Indonesia)—  
ContinuedU.N. Security Council Committee of  
Good Offices—Continued

## Country positions—Continued

261, 267-269, 275-276, 278-279, 282, 284-293, 307, 309-311, 318-320, 322-325, 338-343, 351-353, 355, 359-360, 362-363, 366, 369, 362-375, 381, 387-388, 392-394, 403, 408, 411-412, 415, 417, 419, 422-424, 426-435, 437, 439, 443-446, 449-450, 455-456, 458, 468-470, 472-473, 475, 479, 483, 485, 489-490, 492-493, 496, 502-511, 515, 519-522, 524, 552-563, 570, 572, 621, 623; Netherlands, 58-67, 69-76, 78, 80, 86-87, 95, 100, 103, 109-110, 112-122, 125, 129-130, 139-140, 144-147, 152-154, 157, 165-167, 170-179, 181-188, 190-191, 193-198, 200-203, 207, 210, 214-218, 223-228, 231-233, 235-239, 243-245, 247, 249-251, 254-257, 260-262, 265-270, 272-280, 282-290, 292, 295-296, 298, 300, 302, 304-325, 330-332, 334-339, 343-353, 355-356, 365, 367-373, 376-378, 380-381, 383-403, 406-407, 412-422, 424, 427-429, 431, 434-445, 447-456, 458, 462, 464-474, 476-478, 480-488, 490-501, 503, 505-509, 511-512, 514-518, 520-521, 525-526, 530-531, 535-550, 553-560, 565-580, 617-618, 620-623; United Kingdom, 240, 335, 347, 383-384, 502, 508, 526, 558-560; United States, 62-64, 67-68, 70-72, 77, 81, 91-94, 97, 102-103, 106-109, 111, 113-114, 128-129, 143, 148-149, 154-158, 160-165, 169-170, 172-174, 186-187, 191-192, 198, 203-204, 206-207, 209, 213-215, 218-223, 226-231, 233-243, 245-246, 248-253, 255-256, 258, 262, 269-271, 277, 280-283, 288-293, 295-297, 299, 305, 308-312, 314-315, 317-331, 333-335, 339, 341, 345-351, 364-366, 369-370, 374-376, 378-383, 388-390, 394-397, 399-405, 409-411, 415-416, 424, 435, 438-441, 454-465, 474, 476, 478-479, 482-484, 488-489, 492-493, 496-497, 500, 508, 510, 512-514, 517, 523-525, 527-535, 542, 551-552, 558-559, 562-565, 568-569, 571-573, 577-579, 590, 601-602, 613-614, 617-619, 623-624

Demilitarized zones, 57, 59 65, 69, 118, 140, 144, 220, 249, 256, 267-268, 313, 509-510

Demobilization of military forces, 117-118, 159, 165-166, 173, 179-181, 203, 206, 215, 471

Netherlands East Indies (Indonesia)—  
Continued

U.N. Security Council Committee of  
Good Offices—Continued

Economic relationships, 119-120,  
126, 148, 165, 168, 171, 173, 185,  
264, 268-269, 275, 279, 283-284,  
292, 294, 318, 320-321, 403, 426-  
427, 437, 445, 450, 470

Evacuation and protection of com-  
mittee personnel during Neth-  
erlands' police action, 581-582,  
587, 593-594

Foreign relations of Indonesian Re-  
public, 80-81, 84, 86-87, 94, 97,  
101, 107, 118, 121-122, 135-136,  
138, 142, 155, 159, 162, 171, 179,  
181-186, 192-195, 197-198, 200,  
206, 208, 213, 215, 224-225, 233-  
235, 254, 264, 268, 273, 338, 343,  
349, 377, 556

High Representative of the Crown  
in Indonesia, powers of, 498,  
505-506, 509, 519-521, 525, 537,  
539, 546, 548, 556, 559, 570-571,  
618, 622

Java, future status of, 58, 73, 91, 95,  
121, 136, 139, 142, 158, 160, 166,  
170, 179, 185, 188, 190-191, 199,  
220-222, 233, 246-247, 249, 256,  
267-269, 271, 299, 304, 319-320,  
434, 450, 460

Madura, future status of, 58, 61, 73,  
83, 87, 91, 95, 105, 109, 121, 126,  
136, 139, 142, 150, 155, 158, 160-  
162, 166, 169-170, 175, 177, 179,  
182, 185, 188, 190-191, 220-221,  
233, 246, 249, 267-269, 271, 273,  
275, 304, 319-320, 434, 460

Military and political prisoners,  
proposed release of, 144-145,  
148, 165, 168, 249, 613

Netherlands-Indonesian Union, pro-  
posed, 63, 73, 84, 91, 104, 113-  
114, 116, 120-121, 125-126, 130,  
133-135, 137, 141, 143, 147-149,  
151-156, 160, 168-169, 179, 181-  
182, 189, 196, 202-203, 205, 210-  
211, 213, 219-220, 223, 225-226,  
229-230, 240-241, 264-265, 267,  
304, 316, 318, 324, 364, 377, 431,  
459, 615, 617

Netherlands military action against  
Indonesian Republic, 508, 510,  
518-519, 522-524, 534, 538, 542-  
543, 571-572, 574, 577-579, 581,  
584-586, 589-591, 594-600, 604-  
605, 607-608, 610, 613, 616-620

Netherlands sovereignty, negotia-  
tions concerning, 58, 62, 73, 86,  
88, 91, 103-104, 110-111, 113-  
114, 121-122, 134-136, 138, 143,  
147, 151, 157-159, 166, 169, 171,  
180-181, 184, 200-201, 204, 212,  
215-217, 220, 223, 225, 227, 230-  
231, 234-235, 241, 258, 265, 268,  
271, 285-286, 299, 303, 319, 370,

Netherlands East Indies (Indonesia)—  
Continued

U.N. Security Council Committee of  
Good Offices—Continued

Netherlands sovereignty—Con.

399, 407, 412, 459-461, 474-476,  
519, 521-522, 537, 539, 541, 543,  
546-548, 555-556, 559, 617-618,  
622

Plebiscite or elections, proposals re-  
garding, 58, 63, 66-69, 73-76, 87,  
91-92, 95-97, 101, 105-106, 108-  
110, 114, 116, 121, 135-136, 138,  
141-142, 147, 149-151, 155-158,  
162, 166-167, 169-170, 180-182,  
203, 205-206, 221-224, 226, 231,  
235, 248-249, 254, 264-266, 271-  
274, 300, 304, 336-337, 346, 349-  
350, 355-356, 367-368, 377, 383-  
384, 393-395, 397, 399-400, 405,  
407, 414, 423, 431, 434, 439, 460,  
468-469, 471, 522, 607, 617

Political settlement, negotiations  
concerning, 62, 69, 75-76, 78,  
80-82, 84-92, 96-100, 102-103,  
106-111, 113-116, 120-122, 125,  
127-139, 141-149, 151-154, 156-  
157, 160-580 *passim*, 589, 617-  
619

Provisional (interim) federal gov-  
ernment, negotiations concern-  
ing establishment of 119, 128,  
134-135, 137-138, 142-143, 146-  
149, 151, 155-157, 159, 165-167,  
178-183, 186, 199-202, 204-206,  
212, 220-222, 226, 230-232, 235,  
241-242, 263, 265, 271-275, 313,  
316, 326, 336, 341, 349, 353, 356,  
421, 431, 442-444, 450, 460, 468-  
469, 476, 480, 484, 487, 494, 498,  
501, 509, 515-516, 518, 520-528,  
530, 532, 537, 539-540, 542-543,  
547-550, 553, 556, 558-559, 563,  
568, 574, 577, 581, 606, 613, 621-  
623

Sumatra, future status of, 58, 73, 91,  
95, 121, 136, 139, 142, 158, 160,  
166, 170, 179, 185, 188, 190-191,  
199, 220-221, 233, 246-247, 249,  
267-269, 271, 297, 299, 304, 319-  
320, 434, 450, 460

Truce:

Agreement of *Jan. 17*. See Truce,  
etc., *under* Netherlands East  
Indies: Agreements.

Implementation of, 80, 93, 95,  
100-102, 104-105, 107, 110,  
113-114, 139-141, 145, 151,  
161-162, 165-166, 172-175,  
179-180, 185-186, 189-190,  
192, 199, 209, 217, 219, 225,  
227, 249, 256, 264, 267-269,  
278, 291, 293-294, 298, 300,  
306, 318, 329, 360, 381, 385,  
391, 395-398, 403-404, 406,  
412, 414, 416-418, 427, 433-  
434, 437, 440-441, 443-446,



- Netherlands East Indies (Indonesia)—Continued  
 U.N. Security Council Committee of Good Offices—Continued  
 Truce—Continued  
 Implementation of—Continued  
   449-450, 454-458, 461, 468, 470, 477-478, 480-482, 484, 486, 488-490, 496, 500, 504-508, 510, 515-516, 535-536, 541, 543, 545-546, 550, 557, 567, 570, 580  
 Negotiation of agreement, 59, 62, 65-67, 69-78, 92, 94  
 Van Mook line, 57, 59, 61, 65, 183  
 U.N. Security Council: Referral of dispute to, 59-60, 63, 68-69, 72, 73, 75-76, 78, 83, 97, 100, 119, 121, 125-126, 161, 169, 174-175, 190-191, 198, 207, 233, 236, 242, 252, 278, 305, 309, 311, 313, 322, 352, 364-365, 422, 425, 462, 526; reports to, 81, 83-84, 96-98, 109, 115, 118, 125-128, 146, 155, 161-162, 169, 175-178, 185, 190-191, 213, 219, 225, 227, 243-246, 255, 258-259, 261-262, 269, 275-276, 284, 287-288, 292, 294, 309, 323, 339-341, 350, 387, 408, 425-426, 477, 482, 486, 521-522, 525, 527, 538*n*, 541, 549, 552-553, 557-558, 562, 565, 575, 577-578, 580, 582, 585-589, 591, 595, 608  
 U.S. military support for Netherlands forces in, question of, 209-210, 299, 426, 466, 599  
 U.S. rights and interests, protection of, 186-187, 210-212, 230, 241  
 United States of Indonesia: Negotiations regarding establishment of, 58, 61-65, 68-70, 73, 75, 85, 88, 91-92, 94-97, 100-104, 110-111, 114, 118, 120-121, 125, 129-132, 134-138, 141-143, 147-149, 151-158, 160, 170-173, 180-183, 188-189, 191-193, 196-197, 202, 204, 206-207, 209-213, 217, 220, 223, 225-230, 234, 240-241, 254, 264, 267, 273, 279, 286-287, 290-291, 298, 303-304, 317, 319, 322, 340, 343, 364, 377, 412, 439-441, 453, 455-457, 466-467, 494, 498, 537, 547, 595, 606-607, 613, 617; transfer of sovereignty to, question of, 196-197, 212, 216-217, 219, 249, 258, 274, 292, 295*n*, 300, 318-319, 326, 338, 342, 468, 617  
 Withdrawal of Netherlands forces from, possibility of, 415, 481, 485  
 New Guinea: Australian trust territory, 3; status of NEI portion, 142  
 New Zealand (*see also* Japan: Occupation, etc.: British Commonwealth, etc.; Supreme Commander, etc.: Whaling expedition, etc.: Protests  
 New Zealand—Continued  
   by; *and* Country, etc., *under* Allied Council for Japan, Far Eastern Commission; Japan: U.S. policy toward; Japan: War claims and reparations; *and* Japanese peace treaty, etc.):  
 Agreement with the United States respecting a United States Educational Foundation in New Zealand, *Sept. 14*, 15  
 Australia, relations with, 5-6, 9, 12-13  
 British Commonwealth, ties with, 13  
 Communist Party, 13-14  
 Far East policy, 782-783  
 Far Eastern Advisory Commission, member of, 926  
 Imperial preferences, support for, 15  
 Japan: Most-favored-nation treatment for, 1051, 1053; policy toward, 4, 10, 753; trade relations with, 979-980, 994, 1041-1042, 1052-1053  
 Okinawa and Ryukyu Islands, attitude toward U.S. interest in, 709  
 Pacific islands (Atafu, Nakunono, Fakaofu, Penryhn, Manahiki, Danger (Pukapuka), and Rakahanga), U.S. claims to, 11, 16  
 Soviet Union: Exchange of diplomatic representatives with, 13; policy toward, 13-14  
 Supreme Commander, Allied Powers, Japan, attitude toward, 10-11  
 Trade policies, 11-12  
 Treaty of friendship, commerce, and navigation with the United States, draft, 12  
 United Nations: Role in, 10, 14-15; Security Council veto, opposition to, 10, 14, 19; Trusteeship Council, member of, 10  
 U.S. policy toward, 9  
 U.S. relations with, 9-15  
 Western Samoa, trusteeship over, 10, 14  
 Nichols, Sir Philip, 605-606  
 Nielsen, Orsen N., 1241-1242, 1281  
 Nishio, Toshizo, 937  
 Nitze, Paul H., 1024-1026, 1040-1041  
 Noble, Harold J., 1218, 1329  
 Noce, Maj. Gen. Daniel, 754, 774, 947  
 Nolting, Frederick E., 154, 279*n*, 282, 345, 347-348, 369, 395*n*, 594  
 Nomura, Adm. Kichisaburo, 902  
 Norman, E. Herbert, 897  
 North Atlantic Pact, 540, 598, 602  
 North China, 708, 710  
 Northcott, Lt. Gen. John, 827, 886-887, 909  
 Norton, Garrison, 1044  
 Norway, 811*n*, 769  
 Nouth, Penn, 50  
 Novikov, Nikolay Vasilyevich, 962  
 Noyes, Charles P., 262, 299, 1249



- Nufer, Albert F., 1266  
 Nuñez, Ernesto A., 1266*n*
- Occupied Areas Act of 1948, 1179, 1181  
 Ogburn, Charlton, 66-67, 73-77, 104-105, 165, 237, 266, 271-279, 283-287, 291-293, 295, 299  
 Oka, 898, 902, 907  
 Okawa, Shumei, 898, 900, 937  
 Okazaki, Katsuo, 649  
 O'Neal, Emmet, 683*n*  
 Organization of European Economic Cooperation countries, 552  
 Oshima, Lt. Gen Hiroshi, 898, 901-902, 907  
 Oud, P. J., 486  
 Outer Mongolia, status of, 902  
 Overseas Consultants Incorporated.  
*See* Overseas, etc., *under* Japan:  
 War claims and reparations.
- Pace, Frank, 1283-1284, 1313  
 Pacific islands: Discussions with the United Kingdom concerning sovereignty over Canton, Christmas, Enderbury, and others, 16-18; U.S. claims to Atafu, Nakunono, Fakaofo, Penryhn, Manahiki, Danger (Pukapuka), and Rakahanga islands, 11, 16  
 Padilla Nervo, Luis, 1134-1136, 1149, 1150*n*  
 Paik Ong Hi, 1118  
 Pakistan, 19, 289, 297, 335, 598, 677-678, 753, 782, 979, 994, 1043, 1053  
 Pal. R. M., 907  
 Palar, Lambertus Nicodemus, 126, 161-163, 165, 184, 193, 289-290, 299, 339-340, 358, 362, 392-393, 408-409, 415, 420, 422, 488, 538, 553*n*, 612  
 Palestine (*see also* Israel), 178, 415, 598, 1110, 1172  
 Panama, 1337  
 Panyushkin, Alexander Semyonovich, 768, 847, 849-852, 855, 863-865, 879, 887, 894, 1026  
 Parodi, Alexandre, 1104  
 Patterson, George S., 1090, 1106-1107, 1114-1115, 1125-1126, 1132-1133, 1145-1147, 1149-1150, 1152, 1155, 1157-1158, 1178, 1180, 1182, 1184, 1187, 1198, 1218, 1229-1230, 1281, 1300-1301  
 Paul-Boncour, Jean-Louis, 1083, 1089, 1096, 1103-1104, 1106, 1108-1109, 1114, 1152, 1155, 1182, 1184, 1230, 1265, 1280-1281, 1308  
 Pauley, Edwin W., 945  
 Pearson, Lester B., 800*n*, 1079-1081, 1145, 1274-1275  
 Pechkoff, Lt. Gen. Zinovi, 897  
 Penfield, James K., 1092*n*, 1113*n*  
 Penryhn Island, U.S. claim to, 11  
 Pentagon talks regarding the Near and Middle East (1947), 782*n*  
 Perkins, Frances, 866*n*
- Perlman, Philip B., 925  
 Petersen, Howard, 1050  
 Phibun Songkhram, Field Marshal, 47  
 Philippines: Arbitration treaty, negotiations concerning, 634; arrangements with the United States, 114, 182, 187; cooperation with the United States, 625-644: death of President Roxas, 625; democratic development, 1314; Far Eastern Advisory Commission, member of, 926; Fulbright agreement with the United States, *Mar. 23*, 625*n*; Hukbalahaps (Huks), Philippine policy toward revolt of the, 632-634, 636, 638; Indonesian question, 335: Japanese war crimes trials, number of, 808; Joint United States Military Advisory Group, 630, 639; nationalism, 344-345; Philippine Scouts, disbandment of, 634-640; treaty of friendship, commerce, and navigation with the United States, negotiations concerning, 626, 628-630, 640-644; Tydings-McDuffie Act (1934), 626-627, 631, 635; U.S. aid, 784; U.S. base rights in the Philippines, negotiations concerning, 626-628, 631, 635-636, 639; U.S. military assistance, negotiations concerning, 630-631, 637-638; U.S. policy toward Japan, Philippine attitude toward, 683, 793  
 Pickelle, F. E., 979  
 Pignon, Léon, 50, 52  
 Pinke, Vice Adm., 482  
 Plimsoll, James, 1327, 1329  
 Poland, 1100, 1188  
 Policy committee on arms and armaments, 299, 1266  
 Policy Planning Staff of the Department of State: Japanese peace treaty, 656; U.S. policy toward Japan, 691-719, 775-781  
 Pope Pius XII, 897  
 Potsdam Declaration (1945), 654, 659, 681, 699, 702-703, 717, 722, 758, 786, 799, 805, 820, 840, 847-849, 854, 863, 871, 874-875, 879-880, 892, 896, 899, 913-914, 926, 928, 943, 974, 1003, 1068-1070, 1165, 1179, 1205, 1258  
 Powell, John Benjamin, 698*n*  
 Powell, John W., 698  
 Powles, G. R., 755-756, 760-762  
 Pringgo Digdo, 134-136, 143-144, 158-160, 168, 194-195, 199-200, 205, 248, 254, 259, 285, 323, 340, 342, 351-352, 359, 369, 422, 426-427, 445, 451, 469, 504, 519, 587  
 Protitch, D., 420-421, 426  
 Provisional Frequency Board at Geneva, 682  
 Public Utilities Holding Act (U.S.), 1025  
 Pukapuka Island (Danger Island), 11  
 Pu Yi, 901

- Queuille, Henri, 39n  
 Quirino, Elpidio, 625-626, 628, 630, 632-636, 638-639, 1245  
 Rakahanga Island, U.S. claim to, 11  
 Ramadier, Paul, 36, 39n  
 Raynor, Hayden, 414-415  
 Reber, Samuel, 279n, 1079n, 1276n  
 Recognition policies: *De facto*, 1199, 1212-1213, 1217, 1220, 1222, 1244, 1256-1257, 1265n, 1270n; *de jure*, 1212-1213, 1217, 1302, 1344; governments, 1204-1206, 1211-1214, 1216, 1223-1224, 1239-1242, 1244, 1246-1252, 1256-1257, 1261-1265, 1270n, 1272-1273, 1276, 1281, 1291, 1302, 1315, 1331, 1344-1345; states, 184-187, 191-193, 195, 200, 207-209, 213-214, 228, 233-234, 242-243, 254, 303, 307, 322, 364, 551, 591, 1211-1212, 1241-1242  
 Reconstruction Finance Corporation, 968, 1179  
 Reed, Charles S., 40-41, 246, 257, 277-278, 291, 295-296, 365, 369-371, 589  
 Reid, E., 801, 804  
 Rendall, Edwin C., 24  
 Reuchlin, Jonkheer Otto, 409, 770-773  
 Rhee, Syngman, 1084-1085, 1092, 1099-1102, 1109-1110, 1119-1122, 1137, 1146, 1148, 1151, 1163, 1170, 1175-1176, 1191-1195, 1210-1211, 1217-1219, 1234, 1239, 1246, 1248n, 1250, 1255-1257, 1262, 1264, 1266-1271, 1275, 1282-1283, 1285, 1287, 1289-1292, 1306-1309, 1311, 1320, 1323, 1331-1333, 1344-1345  
 Richards, Arthur L., 17n, 85, 88  
 Riddell, R. G., 801  
 Riphagen, Willem, 86-87, 95, 102-103, 112-117, 126, 145, 153, 157-158, 165-167, 170, 178-180, 183, 203-204, 216, 235-236, 242, 275, 284, 333-334, 336-337, 371-372, 403, 430, 436, 440, 451, 472, 476-477, 490-491, 493, 503  
 Roberts, Frank, 383, 1130  
 Robertson, Gen. H. C. H., 909  
 Roem, Mohammed, 80, 84, 97-99, 104-105, 125, 134-135, 142-144, 147, 161, 163, 165, 168, 171, 176, 184, 191, 193-194, 198, 208, 213, 224, 233-234, 259-260, 274-275, 279, 286, 292, 306, 309, 333, 338, 342, 352-353, 359, 362, 369, 374, 392, 419, 422-423, 427-429, 444-445, 451, 470, 473, 475, 478-479, 503-505, 508, 519, 522, 541, 575  
 Roling, 906-907  
 Romania, 1188  
 Romulo, Gen. Carlos P., 682-683  
 Roosevelt, Franklin D., 661  
 Ross, Emerson, 957, 1032  
 Ross, John C., 331  
 Rousset, Maj., 105  
 Roxas, Manuel A., 625, 627-630, 683  
 Royall, Kenneth C., 706, 710-711, 736, 767, 812n, 814, 849, 851-852, 857n, 867, 878, 886, 890, 933, 968-970, 973, 975, 978-979, 983n, 984, 991n, 996, 1001-1005, 1013-1016, 1019-1020, 1025, 1030-1031, 1035, 1075-1076, 1224-1226, 1234, 1278, 1289, 1302, 1305n  
 Royère, Jean, 36  
 Rozier, John W., 1122  
 Rubber Development Corporation, 124  
 Rusk, Dean, 68, 72, 79, 91n, 279n, 293, 318, 380, 410, 418n, 488, 489n, 514n, 517n, 520n, 597-600, 722-723, 1079n, 1134, 1276n, 1299-1300, 1337  
 Ryan, James W., 123  
 Ryckmans, Pierre, 116  
 Sadayoshi, Hitotsumatsu, 681  
 Saint Laurent, Louis S., 1084  
 Salim, Hadji Agoes, 82n, 184, 193, 301, 422-423, 426, 446, 576, 587  
 Salim, Taufik, 184-185, 197, 368  
 Saltzman, Charles E.: Far Eastern Commission, 762, 766-769, 795, 809, 812n, 824, 850, 856-857, 875, 882-885, 887, 913-914, 921, 982-983, 990-991, 1023-1024, 1033, 1075-1076; Japanese peace treaty, 739; Korean question, 1092, 1174, 1181-1182, 1192, 1207, 1225, 1265-1266, 1276n, 1292-1299, 1324, 1341; occupation and control policies in Japan, 649, 653n, 667, 747-750, 774-775, 827-828, 1022, 1024, 1033, 1054-1056; occupation costs in Japan, 947-948; U.S. economic aid to Japan, 1011-1013; U.S. policy toward Japan, 727-736, 740; war claims and reparations from Japan, 946-947, 953-954, 958, 973-975, 1000, 1003, 1013-1016, 1019-1020, 1030, 1044-1045, 1068  
 Samoa, American, 14  
 Samoa, Western, New Zealand trusteeship over, 10, 14  
 Sanders, William, 364n, 550n  
 Sandifer, Durward V., 1116  
 San Francisco Conference (1945), 2  
 Sansom, Sir George, 754  
 Sanzo, Nasaka, 889  
 Sasakawa, Ryoichi, 937  
 Sassen, E. J. M. A., 304, 477, 492, 495-497, 500-507, 509, 511, 514-519, 521-522, 527, 531-532, 541  
 Sastroamidjojo, Ali, 60, 98, 259, 285  
 Sato, 898, 907  
 Satterthwaite, Livingston L., 17  
 Saudi Arabia, 1337  
 Schiff, Emile, 77  
 Schmidt, Petrus J., 1143-1144, 1146, 1148, 1197-1198, 1220  
 Schorr, Daniel, 248, 250-251, 254, 272  
 Schuler, Frank A., 1118, 1153



- Schuman, Robert, 26, 29, 31-34, 39*n*, 51, 393
- Schuurman, T. Elink, 171-172, 278, 301, 304, 306-313, 333-334, 336, 363, 371-372, 374, 384-385, 391-393, 397, 400, 402-403, 406, 409-410, 413, 415-420, 423, 427-428, 430, 439-441, 445-448, 450-451, 455, 466-467, 470-471, 476, 480, 490-491, 493-494, 503, 506, 516, 519, 541, 548-549, 553-554, 572, 575-576, 580-583, 587, 593-594, 604, 612
- Schuyler, Brig. Gen. C. V. R., 706, 740, 742*n*, 775
- Scott, Joseph W., 73-74, 76, 116, 146, 154, 257, 262, 288, 295, 301, 304, 315, 323, 333-334, 336, 338, 342, 358, 379, 425-426, 457, 476-477
- Sebald, W. J., 648-649, 661-676, 678-680, 684-685, 689-690, 719-722, 738-739, 743-747, 758-759, 785-788, 794-796, 807-809, 811, 825-828, 830, 834, 836-845, 848-849, 853, 855, 865, 870, 872-873, 880-882, 885, 887-891, 894, 896-908, 910-911, 914, 916-921, 924-925, 928, 934-937, 942, 969, 979-982, 994-996, 1017-1019, 1021-1022, 1026-1032, 1045-1046, 1049-1050
- Security Banknote Company, 412
- Security interests in the Pacific (U.S.), 667, 700, 728-729, 789, 796-797, 819, 858-859, 861, 1338-1340
- Setiadjit (Setyadpid), 67, 69-70, 78, 200, 378
- Shang Chen, Gen., 897, 936
- Shanin, Maj. Gen. G. I., 1088-1089, 1118
- Shaw, Patrick, 744, 795, 843-844, 897, 936
- Shen, James C. Y., 668
- Shepherd, Francis Michie, 436*n*, 558-560
- Shidehara, Baron Kijuro, 666*n*, 681
- Shigemitsu, Mamoru, 897-898, 901, 904, 907
- Shimada, Adm. Shigetaro, 898, 907
- Shin Ikhi (Shin Ik Hi), 1085, 1331
- Shiratori, Toshio, 898, 901, 907
- Shullaw, J. Harold, 17, 365
- Shvernich, Nikolay Mikhailovich, 738
- Siam, 21, 27, 38, 47, 645, 755
- Sihanouk, Norodom, King of Cambodia, 36, 50, 55-56
- Silin, Mikhail Aleksandrovich, 193*n*, 208
- Silvercrucys, Baron, 561
- Simatupang, Col., 224, 506
- Singh, Bahadur, 1176-1177, 1182, 1198, 1207, 1218, 1266, 1268
- Sjahrir, Sutan (Soetan), 67, 71, 76, 78, 97, 103, 146, 184, 276, 279, 417, 503-504, 509, 587
- Sjarifoeddin (Sjarifuddin), 67, 69-71, 78-79, 82*n*, 104, 107, 159, 195, 200, 261, 316, 323, 331, 361, 376, 378, 506
- Smith, Walter Bedell, 647-648, 653-654, 665, 1240, 1252-1253
- Smith, William W., 1044
- Snow, Brig. Gen. Conrad E., 921-923, 1068*n*
- Snyder, John W., 1063
- Sobolev, Arkady Alexandrovich, 1152, 1187, 1308
- Soedarpo, 439, 554*n*
- Soedirman, Gen., 79, 215, 217, 224-225, 234, 354, 497
- Soekarno (Sukarno), 67, 75, 78-79, 82, 86, 104, 144, 161-163, 166-167, 171-172, 176, 194, 199, 234, 242, 301, 303-304, 320, 323, 328, 333, 336, 342-343, 351, 353-354, 356, 422-423, 426-430, 443, 448, 455, 490, 499-502, 504-505, 507, 515, 519, 523-524, 539, 552-554, 557-558, 566, 570-571, 574, 576, 579, 583, 587, 607, 610, 612, 615-616, 619, 621, 623-624
- Soemitro (Sumitro), Djojohadekoesoemo, 155-156, 257, 390, 408-409, 421, 439, 492-493, 553-555, 567, 590-592, 609-611
- Soemu, Adm. Toyada, 881
- Soepardi, 354
- Soeripno (Suripno), 192-195, 208, 223-224, 233, 302-303, 307, 506
- So Nyun, 765
- Souers, Rear Adm. Sidney W., 776*n*, 857-858, 876, 879, 977, 1020, 1036, 1163-1169
- South Pacific Commission, 3, 10
- South Seas Conference, 3
- Southern Rhodesia, 1054
- Southwest Pacific, defense of, 18
- Soviet Union (*see also* Country positions, etc., *under* individual countries and subjects): Japanese war crimes trials, number of, 808; political intentions and objectives, 692, 712-713, 776, 806, 858, 863, 1209; relations with the United States, 188, 598, 700, 707-708, 768, 784, 1272, 1277, 1296; Soviet policy in the Far East, 768, 789
- Spaak, Paul-Henri, 332, 393, 542, 560-561, 563-564, 569*n*, 597*n*
- Sparks, Joseph S., 290
- Spoor, Lt. Gen. Simon H., 65, 76, 79, 325, 416-417, 471, 482, 485, 500, 505-506, 509, 520-521, 581
- Sprouse, Phillip D., 1255
- Ssutu, T. T., 1246
- Stalin, Iosif Vissarionovich, 193-194, 738, 768, 926
- Stanton, Edwin F., 21-23
- State-Army-Navy-Air Force Coordinating Committee: Economic reform program for Japan, 659; Japanese fishing and pearl fishing, 931-932; occupation and control policies in Japan, 653, 654*n*, 689*n*; occupation costs in Japan, 947; police establishment in Japan, 693; policy toward Korea, 1163-1169; restitution of looted property in Japan, 959; treatment of Japanese



- State-Army-Navy-Air Force Coordinating Committee—Continued  
domestic and foreign patents, 990-991; war claims and reparations from Japan, 945, 961-962
- State-War-Navy Coordinating Committee: Abrogation of restrictive contracts of Japanese firms in international trade, 689; economic recovery program in Japan, 961; economic reform program for Japan, 659; initial directive to SCAP, 657; war claims and reparations from Japan, 945, 947, 961-962
- Steere, Loyd V., 442, 526-527, 530-531, 539-544, 562-563, 565-568, 570-574, 579, 604-605.
- Stikker, Dirk Uipko, 331, 339, 343-351, 355-357, 361, 364-368, 371, 376-378, 383, 388, 390-393, 395, 397-401, 405-406, 410-412, 415-416, 436, 438, 440-441, 444-458, 466-468, 471-512, 514-516, 518-528, 530-532, 539, 541-543, 546, 550, 554, 561, 565-567, 571-574, 576-577, 579, 596, 605-606, 613, 617-618, 620-621, 623
- Stirling, Alfred, 85, 88-89, 1143-1144
- Stone, Harlan, 900
- Strike, Clifford S., 659, 734, 754, 799, 802, 945, 959*n*, 970-971
- Stuart, John Leighton, 661, 663, 676-677, 799-800, 1103-1104, 1243, 1272-1273
- Stuyt, Giacomo, 140, 144-146, 225-226, 368, 372, 374, 403, 412, 430, 436, 440, 503
- Sudarsono, 195
- Sudjono, 392-393, 491, 493, 501, 582, 604, 612
- Suehiro, Nishio, 681
- Sukiman, 354
- Suma, Yakichiro, 937
- Sungkono, Col., 354
- Supomo, 259, 422, 468-470, 472-473, 475-476, 478-480, 491, 499-505, 508-509, 511-512, 514, 525, 552, 576, 582
- Supreme Commander, Allied Powers, Japan (*see also* MacArthur, Gen. of the Army Douglas) :  
Abolition of in event of peace treaty, 657, 670-671  
Access to Japanese technical and scientific information, 812  
Australian attitude toward, 4  
Bauxite imports into Japan, 749, 772, 818  
Bill of rights directive, 651  
British Commonwealth occupation forces, reduction of Australian component of, 887, 909  
Cultural objects, program for replacement of, 835, 982-983, 1077  
Deconcentration program, 935, 969-970, 994-995, 1017-1019, 1022-1023, 1025, 1045-1046, 1056, 1058-1059
- Supreme Commander, etc.—Continued  
Deconcentration Review Board, 1017-1019, 1022, 1025, 1055-1056  
Department of State representative, 684-685, 696, 736, 781, 822-823  
Disarmament and demilitarization of Japan, 708, 728, 864  
Economic recovery of Japan, 655, 657, 750-751, 895, 957-958, 964, 969-970, 974, 989, 1004, 1011, 1033, 1035, 1060, 1062-1063, 1073-1075  
Economic Stabilization Board, 955  
Economic stabilization program, 1059-1060, 1062, 1065  
Far Eastern Commission, 824  
Food and Agriculture Conference at Baguio, proposed SCAP participation in, 683  
Foreign trade, 948-949, 956-957, 979-982, 994-996, 1040, 1050-1051, 1053-1054, 1062  
Functions and powers, 669-676, 693, 701, 729-731, 736, 744-745, 760-762, 778, 790, 813-814, 859-860, 880, 937-938, 1013, 1024  
GATT meeting, question of SCAP representation at, 1054  
Gold earmarked for Indochina, French claim to, 47  
Information and education policies, 695-696, 735, 781, 822, 861-862  
Interchange of persons between Japan and other countries for cultural purposes, 812, 815-816, 828, 845, 861  
Interim directives, 756, 779, 791, 798, 806-807, 813, 846, 938-940, 1028  
International conferences, question of SCAP representation of Japan in, 682-684, 724-725, 755-757, 761, 794-795, 809-810, 956  
International Labor Organization conference at San Francisco, question of SCAP representation at, 811*n*  
Japanese constitution, FEC review of, 921-922, 928, 943  
Japanese domestic and foreign patents, treatment of, 991*n*  
Japanese fishing rights, 817, 931-932  
Japanese gold and silver, utilization of, 993  
Japanese government, relationship to, 681, 702, 731, 954, 1012  
Japanese military equipment, disposition of, 662-663  
Japanese naval vessels, disposition of, 944, 962-963  
Japanese peace treaty, 698, 703  
Labor movement in Japan, policies regarding, 697  
Land reform program in Japan, 661-662, 733

Supreme Commander, etc.—Continued  
 Level of industry (economic life) in Japan, 912, 974, 977-978, 983-986, 1002  
 Maritime Safety Authorities Bill, 741-742, 744-746, 761, 773, 806, 815, 829  
 Merchant shipping, removal of for reparations, 961, 1062  
 Military activities in Japan, prohibition of, 662-663  
 National Public Service Law, 834*n*, 838-841, 849-851, 855, 865-870, 874-875, 888, 910-911, 916-921, 934-935  
 New Zealand attitude toward, 10-11  
 Occupation costs, 733, 1034  
 Occupation policies and achievements, 654, 710  
 Police establishment in Japan, 693  
 Proclamation No. 2, *Sept. 7, 1945*, 1179  
 Property rights and interests, 695, 780-781, 822, 961  
 Provisional Frequency Board at Geneva, question of SCAP representation at, 682-684, 724-725  
 Purge program, 652-653, 694, 703, 721-722, 779-780, 785-788, 878, 891, 924, 933, 940-942  
 Reform program, 693-694, 732-733, 779, 804, 1061  
 Repatriation of Japanese, 664, 738, 757-760, 924-925  
 Reports, 650  
 Restitution program, 836, 846, 849, 960-961  
 Ryukyu Islands, U.S. military government organization for the, 844-845  
 Ship-scraping program, 1021-1022  
 Strikes of government workers, 841, 852, 955  
 Terms of surrender, implementation of, 813  
 Trade arrangements with British Commonwealth countries, 752, 843, 949, 979-981, 994-996, 1041-1044, 1051, 1053  
 Trademarks and trade names, regulations regarding, 994-995  
 Travel of Japanese commercial representatives abroad, 736-737, 748-749, 761, 763, 794, 814-816, 857, 861-862, 873  
 War claims and reparations, 695, 710-711, 846, 896, 945-947, 952, 959, 971, 976-977, 983-989, 997, 1003-1005, 1007-1008, 1010, 1013-1014, 1016, 1021, 1030, 1037-1038, 1047-1049, 1062, 1066, 1069-1071, 1073  
 War crimes trials by the International Military Tribunal for the Far East, 717, 809, 831, 872-873, 880-884, 897-899, 906, 925, 927, 935-937

Supreme Commander, etc.—Continued  
 Whaling expedition to Antarctica (1948-1949), plans for a Japanese-manned, 737-738, 810-811, 814, 826-827  
 Protests by: Australia, 737-738, 747, 810-811, 814, 827*n*; New Zealand, 747*n*, 811*n*, 827*n*; Norway, 811*n*; United Kingdom, 769-770, 811*n*  
 Supreme Court (U.S.), 929, 937  
 Surachman, 368  
 Suzuki, 848, 854, 856-857, 866, 872-873  
 Suzuki, Maj. Gen. Minami, 898, 902, 907  
 Sweden, 1337  
 Tada, Hayao, 937  
 Tai, Tien, 51  
 Takahashi, Sankichi, 937  
 Takamatsu, Prince, 663-664  
 Takeo, Miki, 681  
 Tamura, Hiroshi, 936-937  
 Tani, Masayuki, 937  
 Tan Malaka, 523  
 Tarawa Island, British gift of land for U.S. memorial on, 18  
 Tarue, Luis M., 632-633  
 Tatsuo, Morito, 681  
 Terashima, Ken, 937  
 Thach, Pham Ngoc, 20, 23  
 Thamboe, C., 439, 509-510  
 Thinh, Nguyen Van, 28  
 Thompson, Llewellyn E., 740*n*  
 Thorp, Willard L., 775*n*, 964-966, 975, 1024  
 Timperley, H. J., 368  
 Tito, Marshal Josip Broz, 366, 1311  
 Tjoa, 161, 164-165, 173, 338, 505  
 Tobago, 688  
 Togo, Shigenori, 898, 904, 907  
 Tojo, Hideki, 872, 898, 900-902, 904, 907, 935*n*, 936-937  
 Tokelau Island group, 11  
 Toshiaki, Wada, 916  
 Toyoda, Soemu, 936-937  
 Treasury (U.S.), Department of the, 1063, 1174, 1179  
 Treaties, conventions, and agreements (*see also* Agreements, etc., *under individual countries*):  
 Agreements by the United States, United Kingdom, China, and the Soviet Union regarding the disposition of Japanese naval vessels: 1945, 944, 962-963; 1947, 944, 962-963  
 Alliance between Japan, Germany, and Italy (1940), 900  
 Anti-Comintern Pact between Japan and Germany, 901  
 Anzac pact between Australia and New Zealand (1944), 3, 5, 12-13  
 Base agreement between the United States and the Philippines (1947), 627, 635



Treaties, conventions, and agreements—  
ContinuedBay of Along protocol, *Dec. 1947*, 23  
25

Brussels Pact, 564

Cairo Declaration (*1943*), 656Charter of the International Trade  
Organization, 1, 9, 12, 211, 1053Conciliation treaty between the  
United States and the Philippines  
(*1946*), 634Economic agreement between the  
United States and the Philippines,  
187Financial convention between France  
and Cambodia (*1946*), 36General Agreement on Tariffs and  
Trade, 12, 46, 629, 642, 1051Geneva Convention (*1929*), 900

Hague Convention III, 903

Linggadjati agreement. *See* Linggad-  
jati, etc., *under* Netherlands East  
Indies: Agreements.MacArthur-Northcott agreement re-  
garding occupation forces in Ja-  
pan, 827, 886-887, 909Military assistance agreement be-  
tween the United States and the  
Philippines, 637, 639*Modus vivendi* between France and  
Cambodia (*1946*), 36-37Monetary pact between the United  
States and the Netherlands  
(*1936*), 449Moscow agreement (*1945*), 813, 815,  
818, 927, 937-940, 1069, 1165,  
1205, 1255, 1258Neutrality pact between Japan and  
the Soviet Union (*1941*), 901Pact of Paris (*1928*), 899Potsdam agreement (*1945*), 647, 656Repatriation agreement between  
SCAP and the Soviet Union,  
(*1946*), 739, 758-760, 925Sino-Soviet treaty (*1945*), 784, 863Strategic trusteeship agreement be-  
tween the United States and the  
U.N. Security Council, 656, 722,  
877Trade agreement between the United  
States and the Philippines (*1946*),  
628-629, 642-644Treaties of peace with Soviet satel-  
lites, 965Treaty between China and French In-  
dochina (*1946*), 47Treaty by which Cochinchina became  
French territory (*1862*), 31Treaty of friendship, commerce, and  
navigation between the United  
States and China (*1946*), 626

Treaty of peace with Italy, 660

Treaty of Shimonoseki (*1894-1895*),  
900Yalta agreement (*1945*), 135-136,  
656-657, 661, 800

Trinidad, 688

Truman, Harry S.: Displaced persons,  
Australian request for ships for  
movement of, 3; Dodge mission to  
Japan, appointment of, 1060*n*; eco-  
nomic stabilization program in Ja-  
pan, 1062; Indonesian question,  
587-588; Japanese peace treaty,  
707; Korean question, 1081, 1084,  
1086-1087, 1163-1169, 1183, 1187,  
1201, 1206, 1224-1225, 1248*n*, 1264,  
1270*n*, 1277-1278, 1283, 1288-1290,  
1292, 1297, 1305, 1308-1309, 1311,  
1313, 1331-1332, 1338, 1344*n*; mes-  
sage to President Quirino, *Apr. 17*,  
625-626; Syngman Rhee, corre-  
spondence with, 1289-1292, 1331-  
1332; statement on death of Presi-  
dent Roxas, *Apr. 15*, 625; U.S. base  
in the Philippines, release of, 627-  
628; U.S. economic assistance to  
Japan, Korea, and the Ryukyus,  
1179-1180; U.S. policy toward Ja-  
pan, 781, 853, 857, 877-880, 890,  
1063; U.S. representative on the  
U.N. Security Council Committee of  
Good Offices, appointment of, 95-  
96, 295*n*; war claims and reparations  
from Japan, 945*n*; war crimi-  
nals, 926

Tsaing, T. F., 161, 856

Tsui Tswen-ling, 1255

Tydings-McDuffie Act. *See under* Philip-  
pines.Ukrainian Soviet Socialist Republic,  
588, 607, 1337Umeu, Gen. Yoshijiro, 897-898, 901-902,  
904, 907

Union Island group, 11

Union of South Africa, 598, 979-980,  
994, 1041-1042, 1054Union of Soviet Socialist Republics. *See*  
Soviet Union.

United Kingdom (*see also* Country po-  
sitions, etc., *under* individual  
countries and subjects): Economic  
recovery, 1, 5; Far Eastern Ad-  
visory Commission, member of,  
926; Japanese war crimes trials,  
number of, 808; most-favored-na-  
tion treatment for Japan, 1051,  
1053; trade arrangements with Ja-  
pan, 979-981, 1041, 1043, 1052

United Nations:

Charter, 129, 131, 141, 241, 578, 591,  
597-598, 601-604, 723, 1082, 1136

Commission on Korea, 1337, 1344

Declaration, 720-721

Economic and Social Council, 3, 10

Education and Scientific Council, 3,  
10

General Assembly: Australian role  
in, 7-8; Greek case, 14, 1312; In-  
terim Committee (*see also* Inter-



## United Nations—Continued

- General Assembly—Continued  
 im, etc., *under* Korea: U.N. Temporary, etc.), 2, 10, 14, 1312, 1317, 1328; Italian colonies, 1335; Korean question (*see* U.N. General Assembly: Considerations, etc., *under* Korea); National Public Service Law in Japan, 870; Palestine question, 1172; role of, 2; warmongering resolution, 2
- Security Council: Canadian membership, 1080–1082; French Indochina question, 19, 21; Indonesian case (*see* U.N. Security Council: Considerations, etc., *under* Netherlands East Indies); Kashmir dispute, 19; Palestine question, 178; role of, 2; veto, 10, 14, 19, 769
- Security Council Committee of Good Offices. *See under* Netherlands East Indies.
- Special Commission on the Balkans, 2, 1312
- Temporary Commission on Korea. *See under* Korea.
- Trusteeship Council, 3, 10
- Valle, Miguel A. P., 1106, 1207, 1218, 1231–1232, 1246
- Van Aduard, Baron Lewé, 897
- Van Boetzelaer van Oosterhaut, Carel Godfried W. H. Baron, 75, 553*n*, 561
- Van Hoogstraten, J. E., 122–123, 284, 451, 466
- Van Kleffens, Eelco N., 64–65, 72, 75, 91, 93–94, 110, 116, 152, 174, 208, 214–215, 227, 237–238, 243–245, 248, 252, 255–257, 260, 277–278, 280, 282–283, 285, 296, 339, 343, 345, 399–402, 405–406, 412–413, 415–417, 422, 438–439, 442, 479, 495–497, 527, 530, 535–538, 578, 583, 594–595
- Van Langenhove, Fernand, 586, 588
- Van Mook, Gen. Hubertus J., 57, 64, 73, 76, 87, 99–100, 103–105, 107–108, 112–114, 117–119, 138, 146–147, 159, 171, 225, 228, 231–234, 236–239, 242–246, 248–254, 259–261, 270, 273–274, 276, 279, 300–302, 304–305, 309, 313, 316, 332, 344, 383, 392, 436, 444, 450, 457, 466–467, 482
- Van Roijen (Van Royen), J. H., 331, 414–415, 480–481, 485, 488, 605, 613
- Van Vredenburg, Henri L. F. K., 57–60, 65–67, 71–76, 80, 83, 86, 95, 100, 102–103, 109, 113, 115–117, 125–128, 133, 136, 142–143, 145–147, 153–155, 157, 159, 168, 171–172, 174–180, 183–184, 190–191, 193–195, 197–198, 201, 214–217, 223–224, 226, 231, 234–239, 244, 247–248, 252, 254, 256, 260, 276, 278, 284, 300, 313, 467
- Van Zeeland, Paul, 58, 60–61, 64, 66, 70–72, 74, 78, 80, 84, 89
- Vance, Col. Reginald F. C., 20*n*
- Vandenberg, Arthur H., 1297
- Venezuela, 688
- Vorrink, J. J., 443
- Vyshinsky, Andrey Yanuaryevich, 1252–1253
- Wailes, Edward T., 17–18, 1084
- Wainhouse, Col. David W., 1134–1136, 1249
- Walker, Gordon, 1133, 1194
- Wallace, Henry A., 768
- Wallner, Woodruff, 29, 31–33
- Wang Ching-wei, 901
- Wang Shih-chieh, 394–395, 698, 856, 863–864, 1243, 1272–1273, 1317
- War between the United States and the Soviet Union, considerations regarding possibility of, 163, 303, 712, 1080, 1082
- War Department (*see also* Army (U.S.), Department of the), 945
- Ward, Maj. Gen. Orlando, 1194
- Warren, Lindsay C., 1174
- Webb, James E., 1063*n*
- Webb, Sir William, 905
- Weckerling, Brig. Gen. John, 845, 1146, 1152, 1182, 1218, 1281
- Wedemeyer, Lt. Gen. A. C., 1319, 1324, 1341
- Welsh, E. C., 1018
- Western Europe, U.S. interest in the economic recovery of, 463–464
- Western European Union: British policy toward, 6, 13, 605; Netherlands participation in, 281, 443, 467, 517, 529, 535, 540, 545, 605; U.S. interest in, 463–464, 529, 535, 542, 598, 620
- Whang Chin Nic, 1126
- Whitney, Brig. Gen. Courtney, 666, 721
- Widjojoatmodjo, Raden Abdul Kadir, 79
- Wilds, Walter, 928, 930–931, 1313*n*
- Wilhelmina, Queen of the Netherlands, 443–444
- Williams, John Z., 1092–1093
- Wilson, Robert R., 626
- Winckler, Jean-Claude, 20
- Wiranatakusumah, 115, 274
- Wisner, Frank G., 667, 824–825, 953–954, 958, 978, 1000, 1276*n*, 1286
- Won Sei Hoon, 1126
- Wong Wen-hao, 769
- Wrong, Hume, 1079*n*, 1145
- Xuan, Gen. Nguyen Van, 23–26, 28, 42, 47, 53
- Yalta conference (1945), 688, 789
- Yamashita, Gen. Tomoyuki, 873
- Yang Yun-chu, 676–677
- Yasuo, Saso, 688

- Yemen, 184, 193  
Yi Yun Yung, 1175  
Yojiro, Konno, 889-890  
Yokoyama, Lt. Gen. Isamu, 872  
Yonai, Adm. Mitsumasa, 901  
Yoo Yawng Choon, Mrs., 1118  
Yoshida, Shigeru, 666*n*, 674, 681, 916,  
918-919, 921, 1066  
Yugoslavia, 598, 1100, 1188  
Yun Chi Yung, 1269, 1271, 1279, 1286,  
1333  
Yun Suk Oh, 1175













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